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SUBCHAPTER B—LOANS, PURCHASES, AND OTHER OPERATIONS

[1960 CCC Cotton Bulletin 2]

PART 427—COTTON

Subpart—1960 Choice (A) Cotton Price Support Program Regulations

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ton (basis middling 1-inch).

AUTHORITY: §§ 427.1151 to 427.1171 issued
under sec. 4, 62 Stat. 1070, as amended, sec.
5, 62 Stat. 1072, secs. 101, 102, 401, 63 Stat.
1051, as amended, Title II, 73 Stat. 178; 15
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1421.

§ 427.1151 General statement.

This bulletin contains the regulations and requirements with respect to the 1960 Choice (A) Cotton Price Support Program of Commodity Credit Corporation (referred to in this subpart as "CCC") formulated by CCC and the Commodity Stabilization Service (referred to in this subpart as "CSS"). Under this program, CCC will purchase 1960-crop Choice (A) upland cotton from producers, subject to the \$50,000 limitation on nonrecourse price support on 1960-crop cotton contained in Public Law 86-80, and will make recourse loans to producers on 1960-crop Choice (A) upland cotton in excess of that which may be tendered for purchase under the \$50,000 limitation, if such cotton was produced on a farm for which the operator elected the Choice (A) allotment and the acreage planted to cotton on the farm is in compliance with such allotment. Cotton as used in this subpart means American upland cotton. The requirements with respect to loans to

producers on cotton produced on farms for which the operators elected the Choice (B) allotment are contained in 1960 CCC Cotton Bulletin 1.

§ 427.1152 Administration.

Under the general direction and supervision of the Executive Vice President, CCC, the Cotton Division and other appropriate divisions of CSS will carry out the provisions of this subpart. In the field, the program will be administered through the New Orleans CSS Commodity Office, 120 Marais Street, New Orleans 16, Louisiana (referred to in this subpart as the "New Orleans office"), and Agricultural Stabilization and Conservation (referred to in this subpart as "ASC") State and county committees (referred to in this subpart as "State committees" and "county committees," respectively). Program availability and maturity dates will be those specified hereinafter except that whenever the final date of availability or the maturity date falls on a nonwork day for ASC county offices or the New Orleans office, the applicable final date shall be extended to include the next work day. Forms will be distributed by the New Orleans office and will be available at county ASC offices (referred to in this subpart as "county offices") and at approved purchasing agencies, approved warehouses, and others designated to participate in the purchase program. State and county committees and the New Orleans office do not have authority to modify or waive any of the provisions of this subpart or any amendments or supplements hereto.

§ 427.1153 Availability of program.

(a) *Purchases.* The purchase program will be available to eligible producers on eligible cotton and will be made available on warehouse-stored cotton and cotton represented by order bills of lading. As provided in § 427.1156, no person shall be eligible to receive more than \$50,000 in nonrecourse price support from sales of 1960-crop Choice (A) cotton to CCC unless he has qualified for an exemption from the \$50,000 limitation on nonrecourse price support contained in P.L. 86-80 through reduction of his production of cotton.

(b) *Recourse loans.* Eligible producers who have not qualified for an exemption from the \$50,000 limitation may obtain price support on their Choice (A) cotton in excess of that permitted under the \$50,000 limitation on purchases only by means of recourse loans obtained in accordance with the provisions of § 427.1170.

(c) *Area.* The purchase program will be available on cotton stored in approved warehouses in all cotton-producing areas of the United States and will be available on cotton represented by order bills of lading in areas specified by the New Orleans office where there is a shortage of storage space and where the necessary

arrangements for handling the cotton may be made.

(d) *Time.* Purchases will be made from date purchase rates are announced through April 30, 1961. Cotton Producer's Sales Agreements covering the cotton must be signed by the producer and delivered to an approved purchasing agency on or before April 30, 1961, or postmarked not later than such date if tendered to the New Orleans office by mail for direct purchase by CCC.

(e) *Source.* Purchases of eligible cotton will be made by approved purchasing agencies and by the New Orleans office. Purchase proceeds shall be disbursed to producers by approved purchasing agencies, or by the New Orleans office. Disbursement of purchase proceeds by approved purchasing agencies shall be made not later than April 30, 1961, except where specifically approved by the New Orleans office in each instance. The producer shall not present the cotton for purchase by CCC unless the cotton is in existence and in good condition. If the cotton is not in existence and in good condition at the time of disbursement, the producer shall promptly refund the proceeds.

§ 427.1154 Approved purchasing agency and approved sales agency.

(a) *Approved purchasing agency.* An approved purchasing agency shall be any person or firm, such as bank, cotton buyer, cotton merchant, cotton cooperative, ginner, or other legal entity, which has entered into a Cotton Purchasing Agency Agreement (Form CCC Cotton SD) with CCC. Under this agreement, a purchasing agency which purchases cotton is required to assist the producer in preparing the necessary purchase documents, to pay him or his designee the purchase price for his Choice (A) cotton, and to tender to CCC either directly or through another purchasing agency the documents covering the purchased cotton, in accordance with § 427.1169. Persons or firms desiring to enter into Cotton Purchasing Agency Agreements should make application to the New Orleans office which will enter into such agreements on behalf of CCC with responsible applicants having organizations and facilities adequate to properly carry out their responsibilities and obligations under the program.

(b) *Approved sales agency.* An approved sales agency shall be any person or firm, such as a cotton buyer, cotton merchant, cotton cooperative, cotton ginner, or other legal entity, which is an approved purchasing agency and which has entered into a Cotton Sales Agency Agreement (CCC Cotton Form SL or SU) with CCC. Each approved sales agency must furnish the required performance guarantee. In selecting sales agencies, CCC will give preference to persons or firms which were actively engaged in the merchandising of cotton during the years immediately preceding 1960. An ap-

proved sales agency will be permitted to offer Choice (A) cotton, which it purchased from producers as a purchasing agency or which was transferred to it by another purchasing agency, for sale locally for CCC in accordance with the terms of its agreement with CCC and such other instructions as are issued by CCC. The sales agency will be required to deposit the warehouse receipts for all cotton it retains for sale locally with a bank selected by the sales agency and approved by CCC. A sales agency which desires to purchase any Choice (A) cotton from a local sales agent of CCC, either directly or indirectly for its own account, will be required to enter into a different type of agreement from a sales agency which is acting solely in the capacity of sales agent for CCC and is not buying any such cotton from local sales agents for its own account. Any person or firm desiring to enter into a Cotton Sales Agency Agreement and sell Choice (A) cotton locally should make application to the New Orleans office which will enter into such agreements on behalf of CCC.

§ 427.1155 Producer.

A producer shall be any individual, partnership, corporation, association, trust, estate, or other legal entity, or a State or political subdivision thereof, or an agency of such State or political subdivision, producing upland cotton in the capacity of landowner, landlord, tenant, or sharecropper.

§ 427.1156 Eligible producer.

A producer will be entitled to sell to CCC eligible cotton produced by him in 1960 on a farm (as defined for purposes of cotton marketing quotas) for which the operator has elected the Choice (A) allotment in accordance with the Acreage Allotment Regulations for the 1960 Crop of Upland Cotton (24 F.R. 8430 and any amendments or supplements thereof) if all the following requirements are met:

(a) The 1960 planted acreage (as determined for purposes of cotton marketing quotas) of cotton on the farm does not exceed the 1960 Choice (A) cotton acreage allotment for the farm. For the purpose of determining eligibility under this program, the cotton acreage on the farm will not be deemed to be in excess of the acreage allotment unless the acreage allotment is knowingly exceeded. If the producer operating the farm is notified that the acreage allotment has been exceeded, and the planted acreage is not adjusted to the acreage allotment within the period allowed under the notice, the acreage allotment shall be deemed to have been knowingly exceeded by all producers having an interest in the cotton.

(b) A person will not be eligible to receive more than \$50,000 from sales of Choice (A) cotton to CCC unless he has qualified for an exemption from the \$50,000 limitation on nonrecourse price support contained in P.L. 86-80 through reduction of his production of cotton. The rules provided in the "Regulations Relating to the \$50,000 Limitation of Nonrecourse Price Support for the 1960 Crop of Price Supported Field Crops in

Surplus Supply" (25 F.R. 1001), as amended (hereinafter referred to as the "Regulations Relating to the \$50,000 Limitation"), shall be applied for the purposes of this subpart to determine whether certain individuals or legal entities are to be treated as one person or as separate persons for the purpose of applying the \$50,000 limitation in P.L. 86-80 and whether producers come within the exemption from such limitation through reduction of their production. Any person who, on the basis of a reduction of his production, desires to qualify for an exemption from the \$50,000 limitation shall file an application with the ASC county committee in accordance with the Regulations Relating to the \$50,000 Limitation.

(c) Where eligible cotton is produced by a landlord and his share tenant or sharecropper, the cotton may be sold to CCC (subject to the other provisions of this subpart) only as follows:

(1) If the cotton is divided among the producers entitled to share in such cotton, each landlord, tenant, or sharecropper may sell his separate share.

(2) If the cotton is not divided, (i) all producers having a share in the cotton may join in the sale of such cotton, or (ii) the landlord may sell cotton in which both he and one or more share tenants or sharecroppers have an interest, if he has the legal right to do so, and in such cases, the share tenants or sharecroppers must be paid their pro rata share of the proceeds of the sale: *Provided*, That the landlord shall not be eligible to sell to CCC cotton in which a share tenant's or sharecropper's share of the sales proceeds when added to price support proceeds previously received by the share tenant or sharecropper from sales of 1960 crop cotton to CCC would exceed \$50,000, unless such share tenant or sharecropper has qualified for an exemption from the \$50,000 limitation on nonrecourse price support through reduction of his production, in accordance with the Regulations Relating to the \$50,000 Limitation. In determining the amount of price support extended each producer in the case of sales of cotton in which both the landlord and one or more share tenants or sharecroppers have an interest, each producer shall be deemed to have been extended price support to the extent of his interest in the cotton. In no case shall a share tenant or sharecropper sell individually cotton in which a landlord has an interest. Except as provided above, two or more producers may not sell their cotton jointly.

(d) When a producer becomes ineligible to sell cotton to CCC because of the \$50,000 limitation on nonrecourse price support, any cotton in which he has an interest with other producers must be divided among all of the producers before the other producers, if they are otherwise eligible, may sell their separate shares to CCC.

§ 427.1157 Eligible cotton.

Eligible cotton under the purchase program shall be Choice (A) upland cotton produced in the United States in 1960 which meets the following requirements:

(a) Such cotton must not be tendered to CCC for purchase if any producer's share of the sales proceeds of such cotton together with such producer's share of the sales proceeds of any 1960 crop cotton previously sold to CCC will exceed \$50,000, unless such producer has qualified for an exemption from the \$50,000 limitation on nonrecourse price support.

(b) Such cotton must have been produced on a farm for which the operator elected the Choice (A) allotment and on which the acreage planted to cotton is in compliance with such allotment.

(c) Such cotton must be of a grade and staple length specified in § 427.1171.

(d) Such cotton must not be false-packed, water-packed, mixed-packed, reginned, or repacked, and must not be below grade or shorter than $\frac{13}{16}$ -inch staple. Cotton which has been reduced in grade because of preparation, but which has not been reduced more than two grades, will be purchased at the purchase rate for the grade to which it is reduced. Cotton designated as "Wasty" or which has been reduced in grade, other than a reduction of not more than two grades for preparation, will be eligible for purchase but at a discount as shown in § 427.1161.

(e) Such cotton must be in existence and in good condition.

(f) Such cotton must not be compressed to high density.

(g) Such cotton must have been produced by the producer tendering it for purchase, and such producer must have the legal right to sell the cotton.

(h) If such cotton was produced on land owned by the Federal Government, it must not have been produced in violation of the provisions of the lease.

(i) If the producer tendering such cotton for purchase is a landlord or landowner, the cotton must not have been acquired by such landlord or landowner directly or indirectly from a share tenant or sharecropper and must not have been received in payment of fixed or standing rent; and if it was produced by him in the capacity of landlord, share tenant, or sharecropper, it must be his separate share of the crop, unless he is a landlord and is tendering cotton in which both he and one or more share tenants or sharecroppers have an interest.

(j) The producer tendering such cotton must not have previously sold and repurchased such cotton.

(k) Each bale of cotton must weigh not less than 275 and not more than 700 pounds, gross weight. However, bales weighing from 275 through 349 pounds and from 626 through 700 pounds, gross weight, will be subject to a discount as shown in § 427.1161. Each bale must be adequately packaged in new material manufactured for cotton bale covering, except used jute and sugar bagging will be acceptable if such bagging is clean and in sound condition. The bagging must be sufficiently strong to adequately protect the cotton. Cotton compressed to standard density, whether compressed by a warehouseman or at a gin, must not have less than eight bands. Heads of bales must be completely covered. Bales pack-

aged with new bagging and ties used in the Cotton Experimental Bale Packaging Program sponsored by the National Cotton Council, Memphis, Tennessee (referred to in this subpart as "Experimental Bale Packaging Program"), will be acceptable provided there is attached to each such bale a tag which identifies such bale with the program and which shows the actual tare weight and the number of pounds to be added to the gross weight of the bale for the purpose of adjusting the bale to the normal gross weight under such program.

(1) Each bale of cotton must bear the gin bale number.

§ 427.1158 Purchase forms.

The following documents must be delivered by producers in connection with each sale to CCC:

(a) *Warehouse-stored cotton.* (1) Cotton Producer's Sales Agreement (Form CCC Cotton SA, referred to in this subpart as "Form SA").

(2) Warehouse receipts complying with the provisions of § 427.1160.

(3) If the sales proceeds are to be obtained direct from the New Orleans office, a Producer's Letter of Transmittal (Sales) (CCC Cotton Form SB, referred to in this subpart as "Form SB").

(4) Lien Waiver (Form CCC Cotton 888, referred to in this subpart as "Form 888") if used in lieu of execution of Lienholder's Waiver on the Form SA in accordance with provisions of § 427.1163.

(b) *Cotton represented by order bills of lading.* (1) Form SA executed within the area and during the period such purchases are available.

(2) Order bill of lading in a form acceptable to CCC and representing the cotton tendered for purchase.

(3) If the receiving agency is not a warehouseman, Weight and Condition Certificates complying with the provisions of § 427.1167 and a Receiving Agency's Certificate.

(4) If the sales proceeds are to be obtained direct from the New Orleans office, a Form SB.

(5) Lien Waiver (Form 888) if used in lieu of execution of Lienholder's Waiver on the Form SA in accordance with provisions of § 427.1163.

(c) *Sales documents executed by an administrator, executor, or trustee.* Sales documents executed by an administrator, executor, or trustee will be acceptable only where valid in law. State documentary revenue stamps shall be affixed to sales documents where required by law. A producer who desires to appoint an attorney-in-fact to act in his place and stead in selling his cotton shall use Power of Attorney (Form CCC Cotton 77) which must be filed with the New Orleans office. Only one attorney-in-fact shall be appointed in each Power of Attorney.

§ 427.1159 Approved storage.

Warehouse-stored cotton will be accepted for purchase by CCC only if stored in warehouses approved by CCC. Warehousemen desiring approval of their facilities should communicate with the New Orleans office. The names of approved warehouses may be obtained from the

New Orleans office or State or county offices.

§ 427.1160 Warehouse receipts and insurance.

Only negotiable machine card type warehouse receipts, acceptable to CCC, issued by an approved warehouse, and properly assigned by an endorsement in blank so as to vest title in the holder or issued to bearer, will be acceptable in connection with sales to CCC. The warehouse receipts must show that the cotton is covered by fire insurance and that warehouse charges have been paid as provided in § 427.1166. The warehouse receipts must contain the gin bale number and must be dated on or prior to the date of the Producer's Sales Agreement. Each receipt must set out in its written or printed terms a description by tag number and the weight of the bale represented thereby and all other facts and statements required to be stated in the written or printed terms of a warehouse receipt under the provisions of section 2 of the Uniform Warehouse Receipts Act. Block warehouse receipts will not be accepted without prior approval by CCC.

§ 427.1161 Weight, purchase rate, and amount.

(a) *Weight.* Purchases will be made on the gross weight of each bale. The gross weight of the bale shall be the gross weight shown on the warehouse receipt if cotton represented by warehouse receipts is purchased, or on the gross weight shown on the Weight and Condition Certificate (see § 427.1167(c)) if cotton represented by an order bill of lading is purchased. Forms SA covering cotton offered for sale to CCC on reweights will not be accepted if it is evident that such reweights reflect an increase in weight due to the absorption of additional moisture. In order to encourage improved wrapping methods and compensate for resulting reduced tare weight in purchasing upland cotton wrapped with material under the Experimental Bale Packaging Program, there will be added to the gross weight of the bale an allowance equal to the number of pounds shown on the program bale tag to be necessary "to adjust to normal gross weight" under such programs. No allowances other than those provided for in this subsection will be made.

(b) *Purchase rate.* (1) The base purchase rate applicable to Middling 1-inch cotton at each approved warehouse will be shown in the Schedule of Base Purchase Rates for Choice (A) Cotton (which will be issued about June 15, 1960).

(2) The premium or discount applicable to each other eligible grade and staple length is shown in § 427.1171.

(3) The purchase rate for cotton (i) for which the classification memorandum shows a reduction in grade shall be two cents a pound less than the purchase rate for the quality (grade and staple length) to which the cotton is reduced, except that the purchase rate for cotton which is reduced not more than two grades because of preparation will be the purchase rate for the quality to which it is reduced, or (ii) for which the classi-

fication memorandum shows that the cotton has been designated as "Wasty" shall be four cents a pound less than the purchase rate for the quality (grade and staple length) shown on the classification memorandum.

(4) The purchase rate for bales weighing from 275 through 349 pounds, gross weight, will be reduced one cent per pound, and the purchase rate for bales weighing from 626 through 700 pounds, gross weight, will be reduced one-half cent per pound.

(c) *Amount.* The amount due the producer will be determined by multiplying the gross weight as determined in paragraph (a) of this section by the applicable purchase rate as determined in paragraph (b) of this section. After the cotton is purchased, CCC will not be obligated to make adjustments in the amount of the purchase as a result of any subsequent redetermination of the weight or quality of the cotton.

§ 427.1162 Preparation of documents.

(a) A producer desiring to sell eligible warehouse-stored or bill of lading cotton may obtain the necessary forms from county offices, approved purchasing agencies, and approved warehouses. The purchasing agency will assist the producer in the preparation and execution of the Form SA, except as provided below. All applicable blanks on the purchase forms must be filled in with ink, indelible pencil, or typewriter in the manner indicated therein, and documents containing additions, alterations, or erasures may be rejected by CCC (Forms SA having a date prior to March 17, 1960, shall not be used). All copies should be clearly legible. The spaces provided on Form SA for the producer to request and direct payment of the sales proceeds must be completed in every instance. All disbursements made from the proceeds of a sale must be shown, and the total must agree with the amount of the sale. No deduction may be made from the sales proceeds by the purchasing agency as a charge for preparing (or handling) the documents. Care should be exercised by the purchasing agency to determine that the producer and the cotton are eligible and that the warehouse receipts or bills of lading are genuine. Before a purchasing agency prepares documents for a producer, it must require the producer to present his marketing card so the purchasing agency can determine whether the producer is eligible to sell his cotton to CCC. The marketing cards issued by the county office will indicate the producer's eligibility. If the producer's 1960 Choice (A) marketing card is Form MQ-76-A—Upland Cotton (a green card), the purchasing agency will use this as evidence that the producer is eligible to sell his cotton to CCC. If the producer's 1960 marketing card is Form MQ-76-R—Upland Cotton (a red card) and the boxes following the words "1960 Choice (A)" and "Not eligible unless price support documents approved by county committee" contain an "X," the purchasing agency shall inform the producer that in order for him to sell his cotton to CCC he must have the Certifi-

cate of Agricultural Stabilization and Conservation County Committee on Form SA executed by the county office manager (or a county office employee designated by him). If the box on Form MQ-76-R—Upland Cotton following the words, "Not eligible" contains an "X," the cotton produced on the farm for which the marketing card was issued is not eligible for price support under any condition, and the producer should be so informed by the purchasing agency. In any case where a Marketing Certificate for Penalty Free Upland Cotton, Form MQ-91—Cotton (Upland), is presented to a purchasing agency in lieu of a 1960 Choice (A) upland cotton marketing card, the purchasing agency shall inform the producer that in order for him to sell his cotton to CCC he must have the Certificate of Agricultural Stabilization and Conservation County Committee on the Form SA executed by the county office manager (or a county office employee designated by him). If it is determined that the cotton is eligible to be sold to CCC, the Certificate of Agricultural Stabilization and Conservation County Committee shall be executed as prescribed in the preceding sentence, and the serial number of the Marketing Certificate for Penalty Free Upland Cotton shall be inserted by the county office in the space provided for the Marketing Card Serial Number on the Form SA. Purchasing agencies which are also eligible producers must sell cotton produced by them direct to the New Orleans office or to another approved purchasing agency. If a purchasing agency, or any officer, employee, or agent of such purchasing agency, holds a power of attorney from an eligible producer who desires to sell his cotton to CCC, the cotton must be sold direct to the New Orleans office or to another purchasing agency.

(b) The Purchasing Agency's Certificate on each Form SA tendered for purchase by CCC must be executed by the purchasing agency making the purchase from the producer. The original of Form SA must be signed by the producer in the presence of the person who signs the Purchasing Agency's Certificate except that, if the producer is a nonresident applicant, such producer may sign the Form SA in the presence of the county office manager of any ASC county office, and the county office manager shall enter his signature and title in the space provided for Witness to Signature. The copy marked "producer's copy" is to be retained by the producer. Purchase forms must not be signed in blank. All applicable entries, except entries in the Agreement of Warehouseman, must be completed prior to the time the form is signed by the producer and the purchasing agency. If the Agreement of Warehouseman on Form SA is not executed prior to payment of the purchase price, the purchasing agency shall require the producer to pay charges due the warehouseman according to

§ 427.1166 and, before tendering the purchase documents to CCC, shall present the Form SA, class cards, and warehouse receipts to the warehouseman for execution of the Agreement of Warehouseman on Form SA and for stamping of the warehouse receipts to reflect the date through which charges have been paid. The proper status of the producer (i.e., whether landowner, landlord, tenant, or sharecropper) must be shown in the space provided therefor on Form SA. The producer's correct percentage share of the cotton must be shown in the space provided therefor on Form SA if he has reason to believe that the total amount of price support advances which could be obtained by or for him (including any price support advances obtained in his name for sharecroppers or tenants) on upland cotton under the 1960 price support programs of CCC would exceed \$50,000, unless he has qualified for an exemption from the \$50,000 limitation in Public Law 86-80. If a producer's correct percentage share in the cotton is required to be shown, such producer must have the same percentage share in all cotton listed in the Schedule of Cotton Sold on a particular Form SA, and separate Forms SA must be used for each lot of cotton in which the producer's share is different. All persons claiming liens on the cotton must sign the Lienholder's Waiver on the Form SA except that in lieu of signing the Lienholder's Waiver on each Form SA, the lienholder may waive his lien on all cotton produced on a farm by executing Form CCC Cotton 888 as provided in § 427.1163. Cotton of various grades and staple lengths may be included on one Form SA. All of the cotton on a Form SA must be stored in the same warehouse, and the gin bale number of each bale must be entered in the applicable column of the Schedule of Cotton Sold on the Form SA. When the cotton has been designated by the notation "Wasty" on the cotton classification memorandum, the notation "Wasty" must be entered in the column headed "Reduced from A/C or Wasty" in the Schedule of Cotton Sold. Not more than 999 bales shall be included on any one Sales Agreement. When a producer has two or more Choice (A) farms, the cotton produced on different farms shall not be entered on the same Form SA.

(c) County ASC offices will maintain a file of Forms SA and a record of the cotton sold to CCC from each Choice (A) farm as reflected by the county office copies of the Forms SA.

§ 427.1163 Liens.

Eligible cotton tendered for purchase must be free and clear of all liens except the warehouseman's lien for charges permitted under § 427.1166 on warehouse-stored cotton. The signatures of the holders of all existing liens on cotton tendered for purchase by CCC, such as landlords, laborers, or mortgagees (but

not the warehouseman, if the cotton is stored in a warehouse) must be obtained on the Lienholder's Waiver on each Form SA, except that in lieu of signing the Lienholder's Waiver on each Form SA, the lienholder may waive his lien on all cotton produced on a farm for the crop year designated by executing a Lien Waiver (Form 888). The original of the Form 888 must be attached securely to the first Form SA on which the Lienholder's Waiver is not executed for the particular lien so as to be recorded and filed at the New Orleans office. Thereafter, the Lienholder's Waiver on Forms SA covering additional cotton produced on the farm shall show the words "See Form 888 on file." An executed copy must be filed by the producer selling the cotton with each purchasing agency which disburses the proceeds of any Form SA executed by the producer. Additional copies may be prepared and retained by the producer and agency as desired. A fraudulent representation, as to prior liens or otherwise, will render the producer personally liable under the terms of the Sales Agreement and subject him, and any other person who causes the fraudulent representation to be made, to criminal prosecution under the provisions of the Commodity Credit Corporation Charter Act. The Lienholder's Waiver or Lien Waiver must be signed personally by all lienholders, by their agents (in which case duly executed Powers of Attorney (Form 77) must be filed with the New Orleans office), or if a corporation, by the designated officer thereof customarily authorized to execute such instruments (in which case no authority need be attached).

§ 427.1164 Setoffs.

(a) If any installment or installments on any loan made available by CCC on farm-storage facilities or mobile drying equipment are payable, under the provisions of the note evidencing such loan, out of any amount due the producer under the program provided for in this subpart, the producer must designate CCC or the lending agency holding such note as payee of such amount to the extent of such installments, but not to exceed that portion of the amount remaining after deduction of amounts due prior lienholders.

(b) If the producer is indebted to CCC, or if the producer is indebted to any other agency of the United States, and such indebtedness is listed on the county debt record, amounts due the producer under the program provided for in this subpart, after deduction of amounts payable on farm-storage facilities or mobile drying equipment and other amounts provided in paragraph (a) of this section, shall be applied, as provided in the Secretary's Setoff Regulations, Title 7, Part 13, CFR (23 F.R. 3757), to such indebtedness.

(c) In any case referred to in paragraphs (a) and (b) of this section, the producer must go to the county office in the county in which he is listed on the debt record and have the Certificate of Agricultural Stabilization and Conservation County Committee on Form SA executed by the county office manager (or a county office employee designated by him). Any amount which is to be set off must be entered in the space provided in the Producer's Sales Agreement by the county office manager (or an employee designated by him).

(d) Compliance with the provisions of this section shall not deprive the producer of any right he might otherwise have to contest the justness of the indebtedness involved in the setoff action either by administrative appeal or by legal action.

§ 427.1165 Classification of cotton.

(a) All cotton tendered for purchase must be classed by a Board of Cotton Examiners of the United States Department of Agriculture (referred to in this subpart as the "Board") and tendered on the basis of such classification. Only Cotton Classification Memorandum Form 1 and Form A3 of the United States Department of Agriculture will be acceptable as proof of quality when the cotton is sold to CCC. A Cotton Classification Memorandum Form 1 will be accepted only if the sample was a representative sample drawn in accordance with instructions to organized cotton improvement groups for sampling cotton under the 1960 Smith-Doxey Program. If the producer's cotton has not been sampled for a Form 1 classification, the warehouseman (for warehouse-stored cotton) or receiving agency (for cotton covered by bills of lading) shall sample such cotton and forward the samples to the Board serving the district in which the cotton is located. A Cotton Classification Memorandum Form A3 must be inserted in each such sample. A Tag List and Record Sheet (CCC Cotton Form L, referred to in this subpart as "Form L") must be prepared by the warehouseman or receiving agency listing each sample included in a shipment to the Board. A copy of such Form L shall be included with the samples, and the original and two copies must be mailed separately to the Board. The Board will enter the classification of each bale on the Form L and return a copy of such form to the warehouse or receiving agency. The Cotton Classification Memorandum Form A3 will be returned to the producer by the Board. If a sample has been drawn and submitted for a Form 1 or Form A3 classification, another sample may not be drawn and forwarded to a Board except for a review classification. If through error or otherwise, in any case where review classification is not involved, two or more samples from the same bale are submitted for classification, the purchase

rate shall be based on the classification having the lower purchase rate. If a Form 1 or Form A3 review classification is obtained, the purchase rate for the cotton represented thereby will be based on such review classification.

(b) A charge of 25 cents per bale shall be collected from the producer by the warehouseman or receiving agency for all cotton for which samples are submitted to a Board for a Form A3 classification or a Form 1 or A3 review classification. The Boards will submit billings for classing charges to the warehouseman or receiving agencies at the end of each month. Checks or money orders covering these charges shall be made payable to "Commodity Credit Corporation" and shall be sent to the New Orleans office.

§ 427.1166 Warehouse charges.

(a) All warehouse charges for storage and for other services performed (except compression) must be paid by the producer to the end of the calendar month during which the Agreement of Warehouseman on the Form SA is executed by the warehouseman. The warehouseman must stamp each warehouse receipt to reflect the date through which such charges have been paid. The Agreement of Warehouseman on each Form SA must be executed by the warehouseman storing the cotton covered by the Form SA not more than 10 days preceding the date of the Producer's Sales Agreement on the Form SA. By executing the Agreement of Warehouseman on the Form SA, the warehouseman agrees that such cotton will be stored and handled in accordance with the Warehouseman's Certificate and Agreement on the reverse side of the Form SA and makes the representations contained therein, and the warehouseman further agrees to store such cotton under conditions and at rates determined as follows:

(b) The cotton shall be insured against loss or damage by fire under a policy or policies providing coverage equivalent to that afforded under the standard fire policy of the State in which the cotton is stored for the full market value (if the cotton is compressed, its market value shall be the market value of flat cotton plus compression charges, or if the cotton is uncompressed and the warehouseman desires to collect his delivery charge for flat cotton in lieu of compression if it is destroyed by fire, such charge must be covered by insurance) at the time and place of loss and shall be kept so insured so long as the warehouse receipts therefor are outstanding, unless the cotton comes under a storage agreement between the warehouseman and CCC allowing the warehouseman to cancel his insurance on the cotton. Such insurance shall cover damage to the cotton by water from the warehouseman's sprinkler system when such damage results from fire in the same warehouse in which the cotton is

stored. From the dates through which the producer has paid storage charges through July 31, 1961, all charges on the cotton for storage and insurance shall be at the rate of 46 cents per bale per month or fraction thereof for flat or compressed cotton stored in warehouses operating compress facilities or compressed cotton stored in warehouses not operating compress facilities, and at the rate of 51 cents per bale per month or fraction thereof for flat cotton stored in warehouses not operating compress facilities, or the warehouseman's established tariff on cotton other than CCC cotton, whichever is less: *Provided*, That on any cotton transferred prior to July 31, 1961, to another warehouseman without movement of the cotton, and for which new warehouse receipts must be issued, or on any cotton shipped by CCC prior to July 31, 1961, at the request of the warehouseman to permit the warehouseman to discontinue the storage of cotton, payment for the fractional part of the storage month prior to the date of such transfer or shipment shall be paid by CCC at the proportionate part of the monthly rate. If the warehouse operates compress facilities, the tariff rate to which reference is made herein shall be the rate applicable to compressed cotton regardless of the compression status of the cotton. Such charges, accrued through July 31 of any year in which these rates are in effect, shall be paid by CCC, as soon as possible after such date, on all of the cotton represented by warehouse receipts held by CCC at the time of payment. The charges for delivery or outhandling, including picking out by tag numbers and loading according to custom into cars or trucks, shall not exceed 25 cents per bale in case cotton is shipped by CCC at the request of the warehouseman and 50 cents per bale in any other case where cotton is shipped by CCC, or in either case, the warehouseman's established tariff, whichever is less: *Provided*, That no such outhandling charge may be made where collection for the service has been included in any other charge or otherwise collected. Charges for compression of cotton by the warehouseman, including compression charges on cotton compressed to standard density by the warehouseman at his gin, will be at the rates provided in the warehouseman's established tariff in effect at the time the service is ordered performed. Compression charges on cotton compressed to standard density for the warehouseman at a gin or another warehouse under contract with the warehouseman will be at the rate which the warehouseman pays the ginner or the other warehouseman. In no event shall compression charges on gin compressed cotton or cotton compressed by another warehouseman exceed the rate paid to the ginner or the other warehouseman by his customers on all other cotton. Charges for the compression of cotton will be

paid by CCC only if the charges have not been paid by the producer, and if the cotton is shipped from the warehouse by CCC. All other charges on cotton including flat delivery charges on cotton moved from a warehouse operating compress facilities without payment of compression charges, will be at the rates provided in the warehouseman's established tariff in effect at the time the service is ordered performed: *Provided*, That no charge may be made with respect to the cotton that is not applicable to cotton other than CCC cotton stored by the warehouseman, except that the warehouseman may make a charge of not to exceed 25 cents per bale for transmitting samples to the designated classing office, postage, verifying and guaranteeing the correctness of the information for which the warehouse is responsible in the Schedule of Cotton Sold on the Form SA, and executing the Agreement of Warehouseman on the Form SA, if such charges are included in the warehouseman's tariff: *And provided further*, That in no event shall such charge, a service charge or charges for receiving, tagging, weighing, sampling on arrival, or storage of samples, be collected from CCC or a purchaser of the cotton. No charge for standard density compression or for delivery or outhandling, except as provided in this section, will be paid with respect to cotton received by the warehouseman which has been compressed to standard density either by a gin (gin compress bale) or by another warehouseman. No charge of any kind whatsoever will be paid with respect to any of the cotton compressed to high density without the written authority of CCC. The warehouseman shall execute and submit to CCC with each voucher for amounts payable by CCC under this agreement the following certificate:

I hereby certify that, since the cotton covered by this voucher was received at the warehouse, there has been removed from such cotton only that amount of cotton necessary to secure representative samples, to properly trim the sample holes, or to otherwise maintain the cotton in the interest of good housekeeping and fire prevention incidental to the handling, storage, or compressing of said cotton except for reconditioning of damaged cotton, and that since issuance of warehouse receipts thereon such cotton has not been reconditioned, picked, or cleaned by blowing or brushing except as noted on report attached hereto or to a previous voucher covering such cotton.

The warehouseman shall store the cotton so that the tags will be visible and readily accessible so as to permit an accurate check of stocks at any time. The rates quoted herein will remain in effect through July 31, 1961, and will remain in effect thereafter until terminated by CCC or the warehouseman on July 31, 1961, or at the end of any subsequent month by giving the other at least 30 days' prior notice, or until the

cotton comes under another storage agreement between the warehouseman and CCC, whichever is earlier. If the cotton is sold by CCC, the storage rates provided in this section shall be applicable for storage service rendered up to and including the last day of the calendar month in which the sale is made, and the warehouseman shall not charge the holder of the warehouse receipts representing such cotton for such storage service an amount in excess of that computed in accordance with this agreement. The terms and provisions of this section shall prevail over the written or printed terms of the warehouse receipts representing the cotton.

§ 427.1167 Purchase of cotton represented by order bills of lading.

(a) Purchases of cotton represented by order bills of lading will be made only in areas and during the periods specified by the New Orleans office where there is a shortage of storage space and where the necessary arrangements for handling the cotton may be made.

(b) Cotton represented by order bills of lading will be eligible for purchase only when it is shipped by an approved receiving agency as agent for the producer. Warehousemen, ginners, and other responsible parties in areas where such purchases will be made may be approved to act as receiving agencies by the New Orleans office. Receiving agencies will enter into Receiving Agency Agreements with CCC. When receiving agencies are approved, notifications will be given by letter or published lists.

(c) A producer in any such area who is unable to find storage space in his local area and who desires to sell his cotton to CCC should deliver his cotton to a receiving agency with the request that it ship the cotton as agent for the producer, in accordance with shipping instructions furnished by CCC, to a warehouse where storage space is available. The receiving agency will complete the Schedule of Cotton Sold on a Form SA, and if it is a warehouseman, will execute the Agreement of Warehouseman thereon. If the receiving agency is not a warehouseman, it will have the cotton weighed by a public or licensed weigher and will secure a Weight and Condition Certificate in the form prescribed by CCC and execute the Receiving Agency's Certificate. The receiving agency will ship the cotton, secure order bills of lading in a form acceptable to CCC, and deliver to the producer the bills of lading, together with the Form SA and Weight and Condition Certificates (if any). If the receiving agency is a warehouseman, it will be permitted to collect fees in accordance with § 427.1166 and a fee of not to exceed 10 cents per bale to cover the costs of preparation of shipping documents. If the receiving agency is not a warehouseman, it will, for the purpose of payment of gin compression only, be considered as a ware-

houseman, and will be permitted to collect from CCC charges for gin compression as provided in § 427.1166, and will be permitted to collect from producers a fee not in excess of the fee set forth in the Receiving Agency Agreement executed by the receiving agency, and shall post in a conspicuous place a notice showing the fee to be charged producers. Purchases will be made at the full purchase rate at the point where the receiving agency receives the cotton. If the receiving agency is a warehouseman, CCC will not pay any storage charges on such cotton.

§ 427.1168 Manner of payment to producers.

Purchases of cotton under the 1960 Cotton Purchase Program will ordinarily be made by purchasing agencies acting as agents for CCC. In such case, the producers must tender a Cotton Producer's Sales Agreement, together with forms required in § 427.1158, to the purchasing agency not later than April 30, 1961. After completion of the Form SA in accordance with § 427.1162, the purchasing agency will pay the purchase price on behalf of CCC in the manner directed in the Producer's Sales Agreement on such Form SA and will distribute the copies of Form SA in accordance with the provisions of the Purchasing Agency Agreement. A producer may also obtain payments direct from CCC by tendering a properly executed Form SA, together with forms required in § 427.1158, to the New Orleans office not later than April 30, 1961. In case payment is to be obtained direct from CCC, the sales documents shall be transmitted to the New Orleans office by the county office of the county in which the producer's farm is located.

§ 427.1169 Tender of Forms SA by purchasing agencies.

Forms SA evidencing purchases of eligible Choice (A) cotton made by a purchasing agency which has entered into Cotton Purchasing Agency Agreement with CCC (Form CCC Cotton SD) prior to the purchase of the cotton will be eligible for tender to CCC. The Forms SA and other required purchase documents must be tendered on a Purchasing Agency's Letter of Transmittal (CCC Cotton Form SC). Separate Forms SC shall be used for listing Forms SA covering warehouse-stored cotton which is to be retained for sale locally; Forms SA covering warehouse-stored cotton which is not to be retained for sale locally; and Forms SA covering cotton represented by order bills of lading. Separate Forms SC shall also be used for Forms SA covering cotton produced in different counties. A purchasing agency which purchases Choice (A) cotton for CCC may tender the required purchase documents as specified in § 427.1158 to CCC directly or through another purchasing agency. Such tender shall be in accordance with the provisions of Form SD and shall be

made within 15 days after execution of the Producer's Sales Agreement on the Forms SA. Upon receipt of the documents by CCC, they will be examined and if found to be acceptable, the purchasing agency designated on the Form SC will be reimbursed by CCC. The required purchase documents will be the Cotton Producer's Sales Agreement (CCC copy together with county office copy) and the warehouse receipts (or a tag list receipted by the custodian bank where applicable) or order bills of lading. Purchasing agents will have the following options in tendering documents to and obtaining reimbursement from CCC (all cotton listed on a Form SC must be submitted under the same option):

(a) If the purchasing agency has not entered into a Cotton Sales Agency Agreement with CCC, such tender may be made direct to the New Orleans office or through another approved purchasing agency (including a banking institution which has been approved to obtain immediate payment by drawing drafts on CCC or an approved sales agency).

(b) If the purchasing agency has entered into a Cotton Sales Agency Agreement with CCC but does not desire to retain for sale cotton covered by the sales agreements listed on a particular letter of transmittal, it shall tender the purchase documents covering such cotton directly to the New Orleans office or through another purchasing agency as set forth in paragraph (a) of this section.

(c) If the purchasing agency has entered into a Cotton Sales Agency Agreement with CCC and desires to retain, for sale locally, the cotton covered by the sales agreements listed on a particular letter of transmittal, it shall tender the purchase documents covering such cotton to CCC through the custodian bank (selected by the agency and approved by CCC) which will retain the warehouse receipts representing such cotton. In this case the agency shall prepare and submit to the custodian bank a tag list, in duplicate (on a form prescribed by CCC), of the warehouse receipts covered by the sales agreements listed on the letter of transmittal. If a reconcentration order number has been entered on a sales agreement, the cotton covered by such sales agreement cannot be retained for sale locally (since it will be reconcentrated), and the purchase documents must be tendered to CCC.

§ 427.1170 Choice (A) recourse loans.

(a) *General.* Producers who have not qualified for an exemption from the \$50,000 limitation on nonrecourse price support contained in Public Law 86-80 through reduction of their production of cotton may obtain price support by means of recourse loans on their Choice (A) cotton in excess of that which may be tendered for purchase under this subpart. Except as provided herein, these recourse loans will be made by CCC under the same terms and conditions as

loans are made to producers on Choice (B) cotton under the provisions of 1960 CCC Cotton Bulletin 1 (Subpart—1960 Cotton Loan Program Regulations of this Part 427—Cotton). The necessary forms may be obtained from county offices.

(b) *Eligible producer.* A producer will be entitled to a recourse loan on eligible cotton produced by him in 1960 on a farm (as defined for purposes of cotton marketing quotas) for which the operator has elected the Choice (A) allotment in accordance with the Acreage Allotment Regulations for the 1960 Crop of Upland Cotton (24 F.R. 8430 and any amendments or supplements thereof) if all the following requirements are met:

(1) The 1960 planted acreage (as determined for purposes of cotton marketing quotas) of cotton on the farm does not exceed the 1960 Choice (A) cotton acreage allotment for the farm. For the purpose of determining eligibility under this program, the cotton acreage on the farm will not be deemed to be in excess of the acreage allotment unless the acreage allotment is knowingly exceeded. If the producer operating the farm is notified that the acreage allotment has been exceeded, and the planted acreage is not adjusted to the acreage allotment within the period allowed under the notice, the acreage allotment shall be deemed to have been knowingly exceeded by all producers having an interest in the cotton.

(2) Where eligible cotton is produced by a landlord and his share tenant or sharecropper, a loan may be obtained only as follows:

(i) If the cotton is divided among the producers entitled to share in such cotton, each landlord, tenant, or sharecropper may obtain a loan on his separate share.

(ii) If the cotton is not divided, all producers having a share in the cotton may obtain a joint loan on such cotton, or the landlord may obtain a loan on cotton in which both he and one or more share tenants or sharecroppers have an interest if he has the legal right to do so, and in such cases the share tenants or sharecroppers must be paid their pro rata share of the loan proceeds and their pro rata share of any additional proceeds received from the cotton. In no case shall a share tenant or sharecropper obtain a loan individually on cotton in which a landlord has an interest. Except as provided above, two or more producers may not obtain a joint loan on cotton.

(c) *Eligible cotton.* Eligible cotton shall be Choice (A) cotton which was produced in the United States in 1960 on a farm for which the operator elected the Choice (A) allotment and which meets the requirements of subsections (b) through (k) of § 427.1107 of 1960 CCC Cotton Bulletin 1 (Subpart—1960 Cotton Loan Program Regulations of this Part 427—Cotton).

(d) *Time.* Loans will be available from the date on which the producer has

sold to CCC all of the Choice (A) cotton which he may sell to CCC under this subpart through April 30, 1961. Note and loan agreements covering the cotton must be signed and delivered to the New Orleans office on or before April 30, 1961, or postmarked not later than such date if tendered to the New Orleans office by mail.

(e) *Source and preparation of documents.* Loans will be available only from the New Orleans office. Loan forms for Choice (A) cotton will be prepared by ASC county offices. The producer must present his 1960 Choice (A) marketing card before the county office will prepare the loan forms. If the producer is a corporation, one or more of the principal stockholders (as determined by CCC) of the corporation must sign the loan note personally, as an individual, in addition to the note being signed by an authorized agent of the corporation on behalf of the corporation. Disbursements on loans will be made to producers by the New Orleans office only.

(f) *Forms.* The words "Choice (A) Recourse Loan" must be typed or stamped in the heading of the Cotton Producer's Note and Loan Agreement (Form CCC Cotton A) and Producer's Letter of Transmittal (CCC Cotton Form B).

(g) *Loan rate.*

(1) The base loan rate applicable to Middling 1-inch cotton at each approved warehouse shall be an amount equal to the base purchase rate applicable to Middling 1-inch cotton shown in the Schedule of Base Purchase Rates for Choice (A) cotton (which will be issued about June 15, 1960).

(2) The premium or discount applicable to each other eligible grade and staple length is shown in § 427.1171 of this subpart.

(h) *Maturity.* Recourse loans mature on April 30, 1962, and producers are required to pay the amounts due on such loans on or before such date. In the event a producer fails to pay the amount due on a loan by April 30, 1962, CCC will have the right, as provided in the loan agreement and 1960 CCC Cotton Bulletin 1, to sell the collateral, and the producer will be liable for any deficiency.

(i) *Repayment by producer.* If a producer desires to obtain the return of his recourse note and the release of the cotton securing the recourse note prior to maturity, he must execute the Producer's Redemption Request on the front of the Producer's Loan Statement—A and submit it in accordance with the provisions of 1960 CCC Cotton Bulletin 1. The producer shall not transfer either his right to redeem the Choice (A) cotton securing the recourse loan or his remaining interest in the cotton. The Producer's Equity Transfer on the reverse side of the Producer's Loan Statement—A may not be used in connection with such recourse loans.

§ 427.1171 Schedule of premiums and discounts for eligible qualities of 1960-crop American upland cotton (basis middling 1-inch).

Grade	Staple length (inches)													
	1 $\frac{3}{16}$	$\frac{7}{16}$	2 $\frac{1}{2}$	1 $\frac{1}{2}$	2 $\frac{1}{4}$	1	1 $\frac{1}{4}$	1 $\frac{1}{2}$	1 $\frac{3}{4}$	1 $\frac{1}{2}$	1 $\frac{1}{4}$	1 $\frac{1}{2}$	1 $\frac{1}{4}$	1 $\frac{1}{2}$ and longer
White	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>	<i>Pts.</i>
GM and better.....	-365	-285	-215	-110	-20	70	155	240	275	335	400	490	600	690
SM.....	-375	-300	-225	-120	-30	60	140	225	265	320	390	475	590	680
Mid plus.....	-400	-325	-250	-150	-60	25	105	190	230	290	360	445	545	640
Mid.....	-420	-345	-270	-165	-80	Base	75	155	205	255	325	400	485	580
SLM plus.....	-570	-500	-430	-330	-245	-155	-75	Even	35	65	110	170	235	305
SLM.....	-685	-620	-550	-460	-365	-280	-190	-135	-110	-80	-40	Even	35	75
LM plus.....	-800	-735	-665	-580	-505	-420	-345	-285	-250	-205	-170	-130	-130	-130
LM.....	-895	-825	-760	-680	-610	-525	-465	-425	-405	-395	-390	-390	-390	-390
SGO plus.....	-1,035	-965	-900	-825	-755	-675	-625	-595	-595	-595	-590	-590	-590	-590
GO.....	-1,120	-1,055	-990	-915	-850	-770	-725	-700	-700	-700	-700	-700	-700	-700
GO plus.....	-1,235	-1,175	-1,120	-1,060	-1,000	-930	-885	-865	-865	-865	-865	-865	-865	-865
GO.....	-1,305	-1,245	-1,200	-1,140	-1,080	-1,010	-970	-955	-955	-955	-955	-955	-955	-955
Light spotted														
GM.....	-525	-455	-380	-275	-200	-105	-25	35	60	100	150	200	275	355
SM.....	-545	-470	-400	-295	-215	-125	-45	15	45	80	125	175	250	330
Mid.....	-675	-605	-535	-445	-370	-285	-205	-155	-120	-85	-40	10	80	155
SLM.....	-885	-825	-760	-680	-605	-525	-460	-430	-405	-380	-365	-335	-310	-285
LM.....	-1,105	-1,045	-980	-925	-860	-785	-735	-700	-685	-665	-645	-625	-605	-585
Spotted														
GM.....	-720	-640	-570	-470	-400	-310	-240	-190	-165	-135	-95	-45	5	55
SM.....	-740	-660	-590	-490	-420	-330	-260	-210	-185	-155	-115	-75	-45	Even
Mid.....	-920	-855	-795	-715	-650	-560	-500	-465	-445	-420	-385	-360	-320	-295
SLM.....	-1,110	-1,050	-990	-930	-870	-800	-765	-740	-735	-725	-715	-710	-705	-700
LM.....	-1,320	-1,260	-1,215	-1,160	-1,110	-1,045	-1,020	-1,005	-1,005	-1,005	-1,005	-1,005	-1,005	-1,005
Tinged														
GM.....	-1,065	-1,010	-965	-910	-875	-835	-815	-805	-880	-790	-785	-780	-770	-755
SM.....	-1,090	-1,030	-985	-935	-895	-850	-835	-830	-820	-810	-810	-805	-790	-790
Mid.....	-1,235	-1,185	-1,140	-1,095	-1,065	-1,020	-1,005	-995	-995	-995	-995	-995	-995	-995
SLM.....	-1,420	-1,370	-1,325	-1,275	-1,245	-1,210	-1,200	-1,195	-1,195	-1,195	-1,195	-1,195	-1,195	-1,195
LM.....	-1,600	-1,550	-1,500	-1,450	-1,420	-1,380	-1,375	-1,370	-1,370	-1,370	-1,370	-1,370	-1,370	-1,370
Yellow stained														
GM.....	-1,325	-1,270	-1,215	-1,175	-1,140	-1,105	-1,095	-1,090	-1,090	-1,090	-1,090	-1,090	-1,090	-1,090
SM.....	-1,350	-1,295	-1,240	-1,200	-1,165	-1,135	-1,120	-1,115	-1,115	-1,115	-1,115	-1,115	-1,115	-1,115
Mid.....	-1,525	-1,470	-1,410	-1,365	-1,335	-1,305	-1,300	-1,295	-1,295	-1,295	-1,295	-1,295	-1,295	-1,295
Light gray														
GM.....	-545	-475	-400	-310	-240	-150	-75	-25	5	30	65	105	170	245
SM.....	-615	-540	-470	-375	-305	-225	-155	-100	-70	-45	-5	35	75	150
Mid.....	-760	-690	-615	-535	-470	-375	-320	-270	-235	-205	-170	-130	-90	-40
SLM.....	-980	-910	-850	-770	-705	-615	-565	-535	-505	-480	-455	-430	-405	-380
Gray														
GM.....	-760	-695	-620	-525	-465	-380	-310	-270	-250	-230	-200	-145	-105	-55
SM.....	-830	-760	-690	-595	-540	-460	-400	-355	-335	-315	-285	-260	-220	-180
Mid.....	-1,025	-960	-895	-815	-755	-670	-625	-595	-575	-565	-545	-530	-515	-500
SLM.....	-1,230	-1,165	-1,105	-1,030	-975	-900	-855	-840	-825	-805	-790	-780	-780	-770

Grade symbols: GM—Good Middling; SM—Strict Middling; Mid—Middling; SLM—Strict Low Middling; LM—Low Middling; SGO—Strict Good Ordinary; GO—Good Ordinary.

Issued this 1st day of June 1960.

ANDREW J. MAIR,
Acting Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 60-5118; Filed, June 6, 1960;
8:46 a.m.]

[1960 Honey Bulletin 1, Amdt. 1]

PART 434—HONEY

Subpart—1960 Honey Price Support Program

The regulations issued by Commodity Credit Corporation with respect to the 1960 Crop Honey Price Support Program (25 F.R. 2785), are amended by revising § 434.1115 to read as follows:

§ 434.1115 Interest rate.

Loans shall bear interest at the rate of 3½ per centum per annum from the date of disbursement of the loan: *Provided*, That if the producer has made a fraudulent representation in the loan documents or in obtaining the loan, the principal amount of the loan and any costs incurred by CCC shall bear interest from the date of disbursement at the rate of 6 per centum per annum.

(Sec. 4, 62 Stat. 1070 as amended; 15 U.S.C. 714b. Interpret or apply sec. 5, 62 Stat. 1072, secs. 201, 401, 63 Stat. 1052, 1054; 15 U.S.C. 714c, 7 U.S.C. 1446, 1421)

Issued this 1st day of June 1960.

ANDREW J. MAIR,
Acting Executive Vice President,
Commodity Credit Corporation.

[F.R. Doc. 60-5136; Filed, June 6, 1960;
8:48 a.m.]

Title 7—AGRICULTURE

Chapter I—Agricultural Marketing Service (Standards, Inspections, Marketing Practices), Department of Agriculture

PART 28—COTTON CLASSING, TESTING, AND STANDARDS

Subpart A—Regulations Under The United States Cotton Standards Act

ABOLISHMENT OF COTTON AND COTTON LINTERS LICENSING PROGRAM

Pursuant to authority contained in the United States Cotton Standards Act,

as amended (42 Stat. 1517; 7 U.S.C. 51 et seq.), the regulations under said Act (7 CFR Part 28, Subpart A) are amended as hereinafter set forth to delete all references to licensed cotton classers and licensed cotton linters classers.

This amendment abolishes the licensing program for cotton classers and cotton linters classers effective August 1, 1960. Each classer to whom a license was issued for the 1959-60 season was given written notice of plans to discontinue the program. No objections were received.

The licensing program was established to provide an objective classing service on a fee basis for the public, supplemental to that provided by the Agricultural Marketing Service. The number of licensees and activity under the program have declined steadily to a point where continuation of the program is not considered justified or useful.

The amendment is as follows:

§ 28.2 [Amendment]

1. Paragraphs (k) and (l) of § 28.2 are deleted.

§ 28.67 [Deletion]

2. Section 28.67 is deleted.

§§ 28.80-28.99 [Deletion]

3. The undesignated center head "Licensed Classers" preceding § 28.80 and §§ 28.80 through 28.99 are deleted.

4. Section 28.122 is amended to read as follows:

§ 28.122 Fee for practical classing examination.

The fee for the practical classing examination for cotton or cotton linters shall be \$40.00. Any applicant who passes the examination may be issued a certificate indicating this accomplishment.

§§ 28.141, 28.147, 28.150 [Deletion]

5. Sections 28.141, 28.147, and 28.150 are deleted.

6. Section 28.138 is amended to read as follows:

§ 28.138 Classification and comparison; requests, memorandums and certificates.

For each lot or mark of linters which the applicant desires classified or compared separately he shall make a separate written request specifying which of the following forms of service is desired. Only one request within a 30-day period shall be made by the same owner for the classification or comparison of the same linters, except a request for a review determination. If the applicant desires that the samples be returned to him, at his expense, he must indicate this in the request for classification or comparison. If the return of samples is not requested they shall become the property of the Government and shall be disposed of in accordance with law and applicable regulations.

(a) *Form C determination.* The classification of bales of linters sampled under the supervision of an employee of the Department. The classification in such cases shall be evidenced by a Form C certificate which shall be subject to review as provided in § 28.146. Such certificate when it has been reviewed in accordance with § 28.146 shall be deemed to be a final certificate as to the classification shown, within the meaning of section 4 of the act (42 Stat. 1517; 7 U.S.C. 54).

(b) *Form D determination.* The classification or comparison of samples submitted for other than Form C determination. Such classification or comparison shall be evidenced by a Form D memorandum which shall be subject to review as provided in § 28.146.

7. Section 28.139 is amended to read as follows:

§ 28.139 Filing of requests.

All requests for classification or comparison leading to Form D memoranda or Form C certificates shall be filed with the secretary of the Board of Cotton Linters Examiners at Washington, D.C., unless otherwise directed by the Director.

8. Section 28.142 is amended to read as follows:

§ 28.142 Submission of samples.

All samples submitted to a Board of Cotton Linters Examiners for classification or comparison under this subpart

shall be delivered or sent to the secretary of the board with all transportation charges thereto prepaid.

9. Section 28.146 is amended to read as follows:

§ 28.146 Reviews.

A review of any Form C or Form D determination may be requested by the owner of the linters from which the sample was drawn, or his agent, within 30 days after the issuance of the original certificate. Such request shall be filed with the secretary of the Board of Cotton Linters Examiners at Washington, D.C., and shall be accompanied by the original classification memorandum or certificate or a statement explaining why the original classification document cannot be submitted. Redrawn samples will be required for reviews except in cases where the original samples have remained in the custody of the Board of Cotton Linters Examiners. When redrawn samples are necessary, they shall be drawn and submitted in accordance with the applicable provisions of §§ 28.138, 28.140, and 28.142. A Form C certificate or Form D memorandum appropriately marked to indicate that it represents a review determination, shall be issued to the applicant requesting the review. The review classification document shall supersede the original classification document.

(Sec. 10, 42 Stat. 1519; 7 U.S.C. 61)

Effective date. This amendment shall become effective on August 1, 1960.

Done at Washington, D.C., this 2d day of June 1960.

ROY W. LENNARTSON,
Deputy Administrator,
Agricultural Marketing Service.

[F.R. Doc. 60-5117; Filed, June 6, 1960;
8:45 a.m.]

Chapter VII—Commodity Stabilization Service (Farm Marketing Quotas and Acreage Allotments), Department of Agriculture

PART 730—RICE

Subpart—1960-61 Marketing Year

DETERMINATION OF COUNTY NORMAL YIELDS FOR 1960 CROP

The regulations contained in § 730.1108 are issued pursuant to and in conformity with the rice marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended, including the amendments to section 301 of that Act which are contained in section 502 of the Agricultural Act of 1956. These amendments provide definitions for county normal yields as follows:

(D) "Normal yield" for any county, in the case of rice, shall be the average yield per acre of rice for the county during the five calendar years immediately preceding the year for which such normal yield is determined, adjusted for abnormal weather conditions and for trends in yields. If for any such year data are not available, or there is no actual yield, an appraised yield for such year, determined in accordance with regulations issued by the Secretary, taking into con-

sideration the yields obtained in surrounding counties during such year and the yield in years for which data are available, shall be used as the actual yield for such year.

(F) In applying subparagraphs (D) and (E), if on account of drought, flood, insect pests, plant disease, or other uncontrollable natural cause, the yield for any year of such five-year period is less than 75 per centum of the average, 75 per centum of such average shall be substituted therefor in calculating the normal yield per acre. If, on account of abnormally favorable weather conditions, the yield for any year of such five-year period is in excess of 125 per centum of the average, 125 per centum of such average shall be substituted therefor in calculating the normal yield per acre.

Prior to the issuance of the regulations for determining county normal yields for 1960 and the determination of county normal yields thereunder, public notice (24 F.R. 8186) was given in accordance with the provisions of the Administrative Procedure Act (5 U.S.C. 1003). No data, views, or recommendations pertaining thereto were submitted pursuant to such notice.

Section 730.1108 is issued to provide the regulations for determining county normal yields and to proclaim the yields for the 1960 crop of rice determined thereunder.

§ 730.1108 County normal yields for 1960 crop rice.

(a) *Regulations.* County normal yields for 1960 crop rice shall be determined by computing the average yield per harvested acre of rice for each county producing rice during the years 1955 through 1959, adjusted for abnormal weather conditions and other uncontrollable natural causes and for trends in yields. Where data for any year are not available, or there was no actual yield, and appraised yield for such year shall be determined on the basis of the yields obtained in surrounding counties during such year and the yield in years for which data are available. Adjustments for abnormal weather conditions and other uncontrollable natural causes shall be made as follows: For any annual yield, including an appraised yield, which is less than 75 per centum of the five-year 1955-59 average yield, 75 per centum of such average shall be substituted therefor; and for any annual yield, including an appraised yield, which is in excess of 125 per centum of the five-year 1955-59 average yield, 125 per centum of such average shall be substituted therefor. The adjustment for trends in yields shall be made by computing the simple average of (1) the 1955-59 average yield per harvested acre of rice for the county, adjusted for abnormal weather conditions and other uncontrollable natural causes as provided in the preceding sentence, and (2) the 1958-59 average yield per harvested acre of rice for the county, similarly adjusted.

(b) *Statistical data.* Section 301(c) of the Agricultural Adjustment Act of 1938, as amended, provides that "The latest available statistics of the Federal Government shall be used by the Secretary in making the determinations required to be made by the Secretary under this act." In accordance therewith, the annual yields of rice for counties in the States of Arkansas, California, Louisi-

ana, Mississippi, Missouri, and Texas used in the determination of county normal yields in this section were the latest official yields determined by the Agricultural Estimates Division, Agricultural Marketing Service, on the basis of its estimate of harvested acres and production of rice in applicable counties of these States during each of the years 1955 through 1959. In the minor rice-producing States of Florida, Illinois, North Carolina, Oklahoma, South Carolina, and Tennessee where no official estimates of county rice yields were available the annual rice yields for the years 1955 through 1959 used in determining the county normal yields in this section for the applicable counties in these States were obtained by special surveys covering all farms producing rice in any of the calendar years 1955 through 1959.

(c) *Proclamation of county normal yields.* County normal yields for 1960 crop rice, determined in accordance with paragraphs (a) and (b) of this section, are as follows:

ARKANSAS

County	Normal yield (pounds)	County	Normal yield (pounds)
Arkansas	3,212	Lafayette	2,554
Ashley	2,970	Lawrence	3,128
Chicot	2,974	Lee	3,053
Clark	2,836	Lincoln	3,102
Clay	3,072	Little River	2,722
Conway	2,713	Lonoke	3,212
Craighead	3,210	Miller	2,459
Crittenden	3,020	Mississippi	2,876
Cross	3,088	Monroe	3,058
Dallas	2,889	Perry	2,912
Desha	3,064	Phillips	2,900
Drew	3,041	Poinsett	3,122
Faulkner	2,930	Prairie	3,249
Grant	2,810	Pulaski	2,985
Greene	3,020	Randolph	2,808
Hot Spring	3,022	St. Francis	3,062
Independence	2,975	White	2,863
Jackson	3,138	Woodruff	3,104
Jefferson	3,084	State	3,128

CALIFORNIA

Butte	4,510	Riverside	2,000
Colusa	4,370	Sacramento	4,505
Fresno	3,915	San Joaquin	3,930
Glenn	4,520	Stanislaus	4,073
Imperial	1,780	Sutter	4,620
Kern	3,205	Tulare	2,996
Kings	2,230	Yolo	4,708
Madera	3,860	Yuba	3,695
Merced	3,674	State	4,348
Placer	3,865		

FLORIDA

Palm Beach	1,788
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ILLINOIS

Adams	2,950
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LOUISIANA

County	Normal yield (pounds)	County	Normal yield (pounds)
Acadia	2,826	Iberville	2,573
Allen	2,762	Jefferson Davis	2,826
Ascension	2,500	Lafayette	2,772
Assumption	2,443	Lafourche	2,414
Avoyelles	2,908	Madison	3,817
Beauregard	2,156	Morehouse	3,799
Bossier	3,670	Plaquemines	2,598
Calcasieu	2,444	Rapides	2,801
Cameron	2,526	Richland	3,732
Concordia	3,340	St. Charles	2,472
East Carroll	3,890	St. James	2,438
Evangeline	2,736	St. John the Baptist	2,505
Franklin	3,703	St. Landry	2,750
Grant	2,928	St. Martin	2,790
Iberia	2,427		

LOUISIANA—Continued

County	Normal yield (pounds)	County	Normal yield (pounds)
St. Mary	2,758	Vermilion	2,771
St. Tammany	2,172	West Carroll	3,756
Tensas	3,698	State	2,747
Terrebonne	2,416		

MISSISSIPPI

Bolivar	2,724	Quitman	3,115
Coahoma	2,952	Sharkey	2,975
De Soto	3,227	Sunflower	2,785
Hancock	2,524	Tallahatchie	2,485
Humphreys	2,740	Tate	1,984
Issaquena	2,134	Tunica	3,028
Leflore	2,762	Washington	2,887
Panola	2,770	State	2,814

MISSOURI

Butler	3,330	Pemiscot	3,356
Dunklin	3,316	Ripley	3,136
Lewis	2,679	St. Charles	2,763
Lincoln	2,805	Scott	3,314
Marion	2,662	Stoddard	3,118
Mississippi	2,900	State	3,177
New Madrid	2,951		

NORTH CAROLINA

Brunswick	1,922
Hyde	1,710
State	1,760

OKLAHOMA

McCurtain	3,304
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SOUTH CAROLINA

Berkeley	1,709	Horry	1,736
Charleston	1,245	Jasper	1,579
Colleton	943	Kershaw	1,040
Georgetown	1,010	State	1,374

TENNESSEE

Crockett	2,926	Lauderdale	3,198
Dyer	3,572	State	3,280
Fayette	2,110		

TEXAS

Austin	3,225	Liberty	2,849
Bowie	2,662	Matagorda	3,340
Brazoria	2,905	Newton	2,942
Calhoun	3,225	Orange	2,778
Chambers	2,812	Polk	2,840
Colorado	3,280	San Jacinto	2,595
Fort Bend	3,344	Victoria	3,288
Galveston	3,060	Walker-Houston	2,662
Hardin	2,926	Waller	3,170
Harris	3,132	Washington	3,133
Jackson	3,342	Wharton	3,248
Jasper	2,930	State	3,069
Jefferson	2,769		
Lavaca	3,225		

(Secs. 301, 52 Stat. 38, as amended by 70 Stat. 212, 375, 52 Stat. 66, as amended; 7 U.S.C. 1301, 1375)

Done at Washington, D.C., this 1st day of June 1960.

ANDREW J. MAIR,
Acting Administrator,
Commodity Stabilization Service.

[F.R. Doc. 60-5138; Filed, June 6, 1960;
8:48 a.m.]

Chapter IX—Agricultural Marketing Service (Marketing Agreements and Orders), Department of Agriculture

[970.306, Amdt. 3]

PART 970—IRISH POTATOES GROWN IN MAINE

Limitation of Shipments

Findings. (a) Pursuant to Marketing Agreement No. 122 and Order No. 70 (7 CRF Part 970), hereinafter re-

ferred to as the "order," regulating the handling of Irish potatoes grown in the State of Maine, effective under the applicable provisions of the Agricultural Marketing Agreement Act of 1937, as amended (Secs. 1-19, 48 Stat. 31, as amended, 7 U.S.C. 601-674), it is hereby found and determined that the amendment to the limitation of shipments, as hereinafter provided, will establish and maintain such minimum standards of quality and maturity and such grading and inspection requirements as will tend to effectuate such orderly marketing as will be in the public interest, and is not for the purpose of maintaining prices to farmers above the level which is declared to be the policy of Congress to establish thereunder. It is hereby further found and determined that the estimated season average price to growers for potatoes for the marketing season which began in September 1959 will be in excess of the parity level specified in section 2(1) of the said act.

(b) It is hereby further found that it is impracticable and contrary to the public interest to give preliminary notice and engage in public rule making procedure, and that good cause exists for not postponing the effective date of this amendment for 30 days or any other period beyond the date hereinafter specified (5 U.S.C. 1001 et seq.), in that (1) the provisions of the act require that the minimum standards of quality and maturity, as set forth herein, shall be made effective when the season average price to growers for potatoes exceeds the parity level specified in section 2(1) of the act; (2) compliance with this amendment will not require any special preparation on the part of handlers which cannot be completed by the effective date; and (3) this amendment relieves restrictions on the handling of potatoes.

Order as amended. Section 970.306 (24 F.R. 7569, 25 F.R. 1724, 2944) through paragraph (a) thereof is amended to read as follows:

§ 970.306 Limitation of shipments.

During the period from June 8, 1960, through July 16, 1960, no handler shall handle any lot of potatoes unless such potatoes meet the requirements of paragraph (a) of this section or unless such potatoes are handled in accordance with the provisions of paragraphs (b), (c), (d), (e), (f), or (g) of this section.

(a) *Minimum standards of quality and maturity*—(1) *Round varieties.* U.S. No. 1, or better, grade, size A, 2 inches minimum diameter.

(2) *Long varieties.* U.S. No. 2, or better, grade, 1½ inches minimum diameter or 3 ounces minimum weight.

(Secs. 1-19, 48 Stat. 31, as amended; 7 U.S.C. 601-674).

Dated June 2, 1960, to become effective June 8, 1960.

S. R. SMITH,
Director,

Fruit and Vegetable Division.

[F.R. Doc. 60-5135; Filed, June 6, 1960;
8:48 a.m.]

Title 13—BUSINESS CREDIT AND ASSISTANCE

Chapter I—Small Business Administration

PART 121—SMALL BUSINESS SIZE STANDARDS

Notice of Availability of SBA Business Loans for Household Movers In- dustry

In § 121.3-10 add the following note to paragraph (h):

§ 121.3-10 Definition of small business
for SBA business loans.

(h) * * *

NOTE: Pending further study of the relationship between large interstate van lines and small household movers, freight forwarders, booking and hauling agents and similar enterprises, no such concern will be denied an SBA business loan solely because of its relationship with an interstate van line, provided that its annual receipts have not exceeded \$3,000,000 during the concern's most recently completed fiscal year. Applications for SBA business loans submitted by household movers, freight forwarders, booking and hauling agents and similar enterprises must state the amount, if any, of such annual receipts which are directly attributable to the applicant's relationship with an interstate van line.

Dated: June 3, 1960.

PHILIP MCCALLUM,
Administrator.

[F.R. Doc. 60-5182; Filed, June 6, 1960;
8:51 a.m.]

Title 14—AERONAUTICS AND SPACE

Chapter III—Federal Aviation Agency

SUBCHAPTER E—AIR NAVIGATION REGULATIONS

[Airspace Docket No. 59-KC-2]

PART 600—DESIGNATION OF FEDERAL AIRWAYS

PART 601—DESIGNATION OF THE CONTINENTAL CONTROL AREA, CONTROL AREAS, CONTROL ZONES, REPORTING POINTS, AND POSITIVE CONTROL ROUTE SEG- MENTS

Modification of Federal Airway and Associated Control Areas; Change of Effective Date

On February 2, 1960, there were published in the FEDERAL REGISTER (25 F.R. 857) amendments to §§ 600.6300 and 601.6300 of the regulations of the Administrator. These amendments, to be effective June 30, 1960, modified VOR Federal airway No. 300 and its associated control areas by extending them from Sault Ste. Marie, Mich., to Lakehead, Ontario, concurrently with the commissioning of a VOR near Whitefish, Mich. The commissioning date of the Whitefish VOR has been rescheduled. There-

fore, it is necessary to postpone the effective date of the above-mentioned amendments until January 12, 1961.

Subsequent to the publication of Airspace Docket No. 59-KC-2 as a final rule, Victor 300 and its associated control areas were further modified by extending them from the Sherbrooke, Quebec, VOR to the Millinocket, Maine, VOR. (Airspace Docket No. 59-NY-25; 25 F.R. 4543.) Since the action contained herein will cause Airspace Docket No. 59-KC-2 to become effective at a later date than Docket 59-NY-25, it is necessary to incorporate the changes to Victor 300 contained in Docket 59-NY-25, with the action being taken in 59-KC-2.

Since this action does not impose a burden on the public, compliance with the notice, public procedure and effective date requirements of section 4 of the Administrative Procedure Act is unnecessary.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (24 F.R. 4530), effective immediately, Airspace Docket No. 59-KC-2 is hereby modified as follows:

1. Section 600.6300 is amended to read:

§ 600.6300 VOR Federal airway No. 300 (Lakehead, Ontario, to Wiarton, Ontario; Sherbrooke, Quebec, to Millinocket, Maine).

From the Lakehead, Ont., VOR via the Whitefish, Mich., VOR; Sault Ste. Marie, Mich., VOR including a N alternate via the INT of the Whitefish VOR 084° True and the Sault Ste. Marie VOR 328° True radials; to the Wiarton, Ont., VOR, including a N alternate. From the Sherbrooke, Quebec, VOR to the Millinocket, Maine, VOR.

2. Section 601.6300 is amended to read:

§ 601.6300 VOR Federal airway No. 300 control areas (Lakehead, Ontario, to Wiarton, Ontario; Sherbrooke, Quebec, to Millinocket, Maine).

All of VOR Federal airway No. 300 including N alternates.

3. Delete "effective 0001 e.s.t. June 30, 1960." and substitute therefor "effective 0001 e.s.t. January 12, 1961."

(Secs. 307(a), 313(a), 72 Stat. 749, 752; 49 U.S.C. 1348, 1354)

Issued in Washington, D.C., on May 31, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5103; Filed, June 6, 1960;
8:45 a.m.]

[Airspace Docket No. 59-KC-67]

PART 601—DESIGNATION OF THE CONTINENTAL CONTROL AREA, CONTROL AREAS, CONTROL ZONES, REPORTING POINTS, AND POSITIVE CONTROL ROUTE SEG- MENTS

Designation of Control Zone

On November 25, 1959, a notice of proposed rule-making was published in

the FEDERAL REGISTER (24 F.R. 9480) stating that the Federal Aviation Agency proposed to amend Part 601 and § 601.1103 of the regulations of the Administrator by designating a control zone at Minot AFB, N. Dak., and by modifying the present Minot, N. Dak., control area extension.

As stated in the notice, at present there is no control zone designated at Minot AFB. Designation of a control zone, within a 5-mile radius of Minot AFB, with an extension to the southeast 2 miles either side of the Minot AFB ILS localizer southeast course to the ILS outer marker, will provide protection for aircraft conducting instrument approaches at Minot AFB. In the notice, it was also proposed to modify the Minot control area extension by changing it from a 15-mile radius area centered on the Minot VOR to a 35-mile radius area centered on the geographical center of the Minot AFB. However, subsequent to the issuance of the notice, a jet penetration procedure from the Minot VOR was published. This penetration could not be conducted entirely within the proposed control area extension. Therefore, the Federal Aviation is not modifying the Minot control area extension at this time, but is giving further study to the actual requirements for control area at Minot.

The Air Transport Association submitted a comment to the effect that a conflict will exist between ILS approaches at Minot AFB and VOR approaches to Minot International Airport and that this conflict will call for non-simultaneous approaches to each airport. The Federal Aviation Agency recognizes that it will not be possible to conduct simultaneous approaches to Minot AFB and Minot International Airport. However, Federal Aviation Agency records show that during calendar year 1959, there were only 459 instrument approaches, or an average of less than two per day, conducted at Minot International Airport. Therefore, due to the limited operations at Minot International, the Federal Aviation Agency considers that non-simultaneous approaches to these two airports can be tolerated without prohibitive delays to either civil or military aircraft. The Air Transport Association also objected to the 35-mile radius control area extension and the comments will be given full consideration prior to the modification of this control area extension.

No other adverse comments were received regarding the proposed amendment.

Interested persons have been afforded an opportunity to participate in the making of the rule herein adopted, and due consideration has been given to all relevant matter presented.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (24 F.R. 4530), Part 601 (24 F.R. 10530) is amended as follows:

Section 601.2455 is added to read:

§ 601.2455 Minot, N. Dak. (Minot AFB), control zone.

Within a 5-mile radius of the geographical center of the Minot AFB (lati-

tude 48°25'18" N., longitude 101°22'08" W.) and within 2 miles either side of the ILS localizer SE course extending from the 5-mile radius zone to the ILS outer marker (latitude 48°21'01" N., longitude 101°12'43" W.).

This amendment shall become effective 0001 e.s.t., July 28, 1960.

(Secs. 307(a), 313(a), 72 Stat. 749, 752; 49 U.S.C. 1348, 1354)

Issued in Washington, D.C., on May 31, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5104; Filed, June 6, 1960;
8:45 a.m.]

[Airspace Docket No. 59-KC-48]

PART 60—DESIGNATION OF THE CONTINENTAL CONTROL AREA, CONTROL AREAS, CONTROL ZONES, REPORTING POINTS, AND POSITIVE CONTROL ROUTE SEGMENTS

Designation of Control Area Extension

On November 19, 1959, a notice of proposed rule making was published in the FEDERAL REGISTER (24 F.R. 9346) stating that the Federal Aviation Agency was considering an amendment to Part 601 of the regulations of the Administrator which would designate a control area extension at K. I. Sawyer AFB, Marquette, Mich.

As stated in the notice, the Federal Aviation Agency, at the request of the United States Air Force, is designating a control area extension at K. I. Sawyer AFB. The proposal as published in the notice provided for a control area extension within a 40-mile radius of the airbase to provide protection for instrument flight operations being conducted by jet aircraft arriving K.I. Sawyer AFB, and departing on active air defense missions.

The Air Transport Association objected to the southeast portion of the proposed control area extension as it encompasses an area near Escanaba, Mich., which is used for procedure turns on an ADF approach to Runway 18 at the Escanaba airport, and would necessitate each IFR arrival at Escanaba having to secure ATC clearance from the agency having jurisdiction over the proposed area. This could result in an unnecessary delay to aircraft making approaches to the Escanaba airport. The Federal Aviation Agency considers this a valid objection and is modifying the amendment herein to exclude the airspace bounded on the west by longitude 87°20'30" W., and on the north by latitude 46°03'00" N., which lies within a 40-mile radius of K. I. Sawyer AFB. The Air Transport Association also objected to the proposal until the Federal Aviation Agency assures that proper facilities and procedures are available to handle the traffic within the area proposed. The Minneapolis Air Route Traffic Control

Center has the capability and will control the traffic in this area until such time as this authority is delegated to approach control at K. I. Sawyer AFB.

No other adverse comments were received regarding the proposed amendment.

Interested persons have been afforded an opportunity to participate in the making of the rule herein adopted, and due consideration has been given to all relevant matter presented.

In consideration of the foregoing, and pursuant to the authority delegated to me by the Administrator (24 F.R. 4530), Part 601 (24 F.R. 10530) is amended by adding the following section:

§ 601.1183 Control area extension (Marquette, Mich.)

That airspace not otherwise designated as control area within a 40-mile radius of the geographical center of K. I. Sawyer AFB (latitude 46°20'54" N., longitude 87°24'05" W.), excluding the airspace within the 40-mile radius bounded on the W. by longitude 87°20'30" W., and on the N by latitude 46°03'00" N.

This amendment shall become effective 0001 e.s.t. July 28, 1960.

(Secs. 307(a), 313(a), 72 Stat. 749, 752; 49 U.S.C. 1348, 1354)

Issued in Washington, D.C., on May 31, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5105; Filed, June 6, 1960;
8:45 a.m.]

Title 16—COMMERCIAL PRACTICES

Chapter I—Federal Trade Commission

[Docket 7503 o.]

PART 13—PROHIBITED TRADE PRACTICES

American Deb Furs, Inc., et al.

Subpart—Advertising falsely or misleadingly: § 13.155 *Prices*; § 13.155-40 *Exaggerated as regular and customary*. Subpart—Invoicing products falsely: § 13.1108 *Invoicing products falsely*; § 13.1108-45 *Fur Products Labeling Act*. Subpart—Misbranding or mislabeling: § 13.1185 *Composition*; § 13.1185-30 *Fur Products Labeling Act*; § 13.1212 *Formal regulatory and statutory requirements*; § 13.1212-30 *Fur Products Labeling Act*. Subpart—Misrepresenting oneself and goods—Prices: § 13.1805 *Exaggerated as regular and customary*. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1865 *Manufacture or preparation*; § 13.1865-40 *Fur Products Labeling Act*; § 13.1900 *Source or origin*; § 13.1900-40 *Fur Products Labeling Act*; § 13.1900-40(b) *Place*.

(Sec. 6, 38 Stat. 722; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 719; 15 U.S.C. 45, 69f.) [Cease

and desist order, American Deb Furs, Inc., et al., New York, N.Y., Docket 7503, April 18, 1960]

In the Matter of American Deb Furs, Inc., a Corporation, and Herbert Fischbein and Ethel Harris, Individually and as Officers of Said Corporation

This proceeding was heard by a hearing examiner on the complaint of the Commission charging a New York City furrier with violating the Fur Products Labeling Act by falsely identifying animals producing the fur in certain products; by invoicing which failed to state the country of origin of fur and to reveal that certain fur was dyed, and which set out fictitious "original" prices; and by failing in other respects to comply with labeling and invoicing requirements.

After hearings, the hearing examiner made his initial decision, including findings, conclusion and order to cease and desist, which as modified on review, became on April 18 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That American Deb Furs, Inc., a corporation, and its officers, and Herbert Fischbein, individually and as an officer of said corporation, and respondents' representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction or manufacture for introduction into commerce, or the sale, advertising or offering for sale, transportation or distribution, in commerce, of fur products; or in connection with the sale, manufacture for sale, advertising, offering for sale, transportation or distribution of fur products which are made in whole or in part of fur which has been shipped and received in commerce, as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

A. Misbranding fur products by:

1. Falsely or deceptively labeling or otherwise identifying any such products as to the name or names of the animal or animals that produced the fur from which such product was manufactured.

2. Failing to affix labels to fur products showing each element of information required to be disclosed under section 4(2) of the Fur Products Labeling Act.

3. Failing to set forth the term "Dyed Broadtail processed Lamb" as required by Rule 10 of the "Rules and Regulations under the Fur Products Labeling Act."

4. Setting forth on labels attached to fur products information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder which is mingled with non-required information.

B. Falsely or deceptively invoicing fur products by:

1. Failing to furnish purchasers of the fur products an invoice showing each element of information required to be disclosed under section 5(b)(1) of the Fur Products Labeling Act.

2. Setting forth on invoices pertaining to fur products the name or names of any animal or animals other than the name or names provided for in section 5(b)(1) of the Fur Products Labeling Act.

3. Representing, directly or by implication, that the respondents' regular or usual price of any fur product is any amount in excess of the price at which the respondents have usually and customarily sold such product in the recent regular course of business.

4. Representing, directly or by implication, that any person's regular or usual price of any fur product is any amount in excess of the price at which such person has usually and customarily sold such product in the recent regular course of business.

5. Setting forth information required under section 5(b)(1) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in abbreviated form.

6. Failing to set forth the term "Dyed Broadtail Processed Lamb" as required by Rule 10 of the "Rules and Regulations under the Fur Products Labeling Act."

C. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement, or notice which is intended to aid, promote or assist, directly or indirectly, in the sale, or offering for sale, of fur products and which represents, directly or by implication, that the former, regular or usual price of any fur product is any amount which is in excess of the price at which respondents have formerly, usually or customarily sold such product in the recent regular course of their business.

D. Making pricing claims or representations of the type referred to in paragraph C above, unless there are maintained by respondents full and adequate records disclosing the facts upon which such claims and representations are based.

It is further ordered, That the complaint herein against respondent Ethel Harris, an individual, be, and the same hereby is, dismissed without prejudice to the right of the Commission to take such action in the future as the facts may warrant.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is further ordered, That the respondents, American Deb Furs, Inc., and Herbert Fischbein, shall, within sixty (60) days after service upon them of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with the order to cease and desist as modified.

Issued: April 18, 1960.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 60-5110; Filed, June 6, 1960; 8:45 a.m.]

[Docket 74360.]

PART 13—PROHIBITED TRADE PRACTICES

Rudolph Mendiola and Wholesale Fur House

Subpart—Invoicing products falsely: § 13.1108 *Invoicing products falsely*: § 13.1108-45 *Fur Products Labeling Act*. Subpart—Misbranding or mislabeling: § 13.1212 *Formal regulatory and statutory requirements*; § 13.1212-30 *Fur Products Labeling Act*. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements*: § 13.1852-35 *Fur Products Labeling Act*.

(Sec. 6, 38 Stat. 722; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 719; 15 U.S.C. 45, 69f) [Cease and desist order, Rudolph Mendiola t/a Wholesale Fur House, Houston, Tex., Docket 7436, April 18, 1960]

This proceeding was heard by a hearing examiner on the complaint of the Commission charging a Houston, Tex., furrier with violating the Fur Products Labeling Act by failing to comply with labeling and invoicing provisions.

Setting aside the initial decision on review, the Commission on April 18 issued in lieu thereof its own findings, conclusions and order to cease and desist.

The order to cease and desist, including compliance order, is as follows:

It is ordered, That Rudolph Mendiola, an individual, trading as Wholesale Fur House, or under any other name, and respondent's representatives, agents and employees, directly or through any corporate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale, in commerce, or the transportation or distribution, in commerce, of fur products, or in connection with the sale, advertising, offering for sale, transportation, or distribution of fur products which are made in whole or in part of fur which has been shipped and received in commerce, as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

1. Misbranding fur products by setting forth on labels affixed to fur products information required under section 4(2) of the Fur Products Labeling Act and the rules and regulations promulgated thereunder in handwriting.

2. Falsely or deceptively invoicing fur products by failing to furnish to purchasers of fur products an invoice showing:

(A) All of the information required to be disclosed by each of the subsections of section 5(b)(1) of the Fur Products Labeling Act.

(B) The item number or mark assigned to a fur product.

It is further ordered, That the allegations contained in paragraphs 3, 4(a) (b) (d), 6(a) and 7 through 11 of the complaint be, and they hereby are, dismissed.

It is further ordered, That the respondent shall, within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with the order to cease and desist.

Issued: April 18, 1960.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 60-5111; Filed, June 6, 1960; 8:45 a.m.]

[Docket 7628 c.o.]

PART 13—PROHIBITED TRADE PRACTICES

Titche-Goettinger Co., et al.

Subpart—Advertising falsely or misleadingly: § 13.155 *Prices*: § 13.155-40 *Exaggerated as regular and customary*; § 13.155-45 *Fictitious marking*. Subpart—Misbranding or mislabeling: § 13.1280 *Price*. Subpart—Misrepresenting oneself and goods—Prices: § 13.1805 *Exaggerated as regular and customary*; § 13.1810 *Fictitious marking*. Subpart—Neglecting, unfairly or deceptively, to make material disclosure: § 13.1852 *Formal regulatory and statutory requirements*; § 13.1852-35 *Fur Products Labeling Act*.

(Sec. 6, 38 Stat. 722; 15 U.S.C. 46. Interpret or apply sec. 5, 38 Stat. 719, as amended; sec. 8, 65 Stat. 719; 15 U.S.C. 45, 69f) [Cease and desist order, Titche-Goettinger Co., et al., Dallas, Tex., Docket 7628, April 6, 1960]

In the Matter of Titche-Goettinger Company, a Corporation, and L. D. Starr, W. A. Lea, Saul Hirsch, and Henry Kaufman, Individually and as Officers of Said Corporation

This proceeding was heard by a hearing examiner on the complaint of the Commission charging Dallas, Tex., furriers with violating the Fur Products Labeling Act by affixing to fur products labels containing fictitious prices represented thereby as the regular retail prices; and by advertising in newspapers which represented prices of fur products as reduced from regular prices which were, in fact, fictitious, and contained comparative prices without giving a designated time of a bona fide compared price; and by failing to maintain adequate records as a basis for said pricing claims.

Based on a consent agreement, the hearing examiner made his initial decision and order to cease and desist which became on April 6 the decision of the Commission.

The order to cease and desist is as follows:

It is ordered, That respondents Titche-Goettinger Company, a corporation, and its officers, and L. D. Starr, W. A. Lea, and Saul Hirsch, individually and as officers of said corporation, and respondents' representatives, agents and employees, directly or through any corpo-

rate or other device, in connection with the introduction into commerce, or the sale, advertising, or offering for sale in commerce, or the transportation or distribution in commerce, of fur products; or in connection with the sale, advertising, offering for sale, transportation, or distribution of fur products which are made in whole or in part of fur which has been shipped and received in commerce, as "commerce", "fur" and "fur product" are defined in the Fur Products Labeling Act, do forthwith cease and desist from:

1. Misbranding fur products by:

(a) Falsely or deceptively labeling or otherwise identifying such products as to the regular prices thereof by any representation that the regular or usual prices of such products are any amount in excess of the prices at which respondents have usually and customarily sold such products in the recent regular course of business.

2. Falsely or deceptively advertising fur products through the use of any advertisement, representation, public announcement, or notice which is intended to aid, promote or assist, directly or indirectly, in the sale, or offering for sale of fur products, and which:

(a) Represents, directly or by implication, that the regular or usual price of any fur product is any amount which is in excess of the price at which respondents have usually and customarily sold such products in the recent regular course of business.

(b) Represents, directly or by implication, that prices of fur products are reduced from previous higher prices without giving the time of such compared previous higher prices.

(c) Misrepresents in any manner the savings available to purchasers of respondents' fur products.

3. Making claims and representations respecting prices and values of fur products unless respondents maintain full and adequate records showing the facts upon which such claims and representations are based.

It is further ordered, That the complaint be, and the same hereby is, dismissed as to respondent Henry Kaufman.

By "Decision of the Commission", etc., report of compliance was required as follows:

It is ordered, That respondents Titcher-Goettinger Company, a corporation, and L. D. Starr, W. A. Lea, and Saul Hirsch, individually and as officers of said corporation, shall, within sixty (60) days after service upon them of this order, file with the Commission a report in writing setting forth in detail the manner and form in which they have complied with the order to cease and desist.

Issued: April 6, 1960.

By the Commission.

[SEAL] ROBERT M. PARRISH,
Secretary.

[F.R. Doc. 60-5112; Filed, June 6, 1960;
8:45 a.m.]

Title 26—INTERNAL REVENUE, 1954

Chapter I—Internal Revenue Service, Department of the Treasury

SUBCHAPTER A—INCOME TAX

[T.D. 6468]

PART 1—INCOME TAX; TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1953

Miscellaneous Amendments

On November 24, 1959, notice of proposed rule making with respect to the amendment of the Income Tax Regulations (26 CFR Part 1) under section 1232 of the Internal Revenue Code of 1954 (relating to bonds and other evidences of indebtedness) to reflect the changes made by sections 50 and 51 of the Technical Amendments Act of 1958 (72 Stat. 1642, 1643) and by section 3(e) of the Life Insurance Company Income Tax Act of 1959 (73 Stat. 140) was published in the FEDERAL REGISTER (24 F.R. 9428). After consideration of all such relevant matter as was presented by interested persons regarding the rules proposed, the amendment of the regulations as so published is hereby adopted, subject to the changes set forth below.

Paragraph (b) (4) of § 1.1232-3, as set forth in paragraph 3 of the notice of proposed rule making, is revised—

(A) By striking the last sentence of subdivision (i) thereof and inserting in lieu thereof: "For purposes of this subparagraph, the term 'original purchaser' does not include persons or organizations acting in the capacity of underwriters or dealers, who purchased the obligation for resale in the ordinary course of their trade or business. It is not necessary that the issuer's intention to call the obligation before maturity be communicated directly to the original purchaser by the issuer. The understanding to call before maturity need not be unconditional; it may, for example, be dependent upon the financial condition of the issuer on the proposed early call date.

(B) By striking the last sentence of subdivision (ii) (a) thereof and inserting in lieu thereof: "The fact that the obligation is issued with provisions on its face giving the issuer the privilege of redeeming the obligation before maturity is not determinative of an intention to call before maturity; likewise, the absence of such provision is not determinative of the absence of an intention to call before maturity. However, such provision, or the absence of such provision, is one of the circumstances to be given consideration along with other factors in determining whether an understanding existed. If the obligation was part of an issue registered with the Securities and Exchange Commission and was sold to the public (whether or not sold directly to the public by the obligor) without representation to the public that

the obligor intends to call the obligation before maturity, there shall be a presumption that no intention to call the obligation before maturity was in existence at the time of original issue. The existence of a provision on the face of an obligation giving the issuer the privilege of redeeming the obligation before maturity shall not in and of itself overcome the presumption set forth in the preceding sentence."

This Treasury decision is issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

[SEAL]

CHARLES I. FOX,
Acting Commissioner of
Internal Revenue.

Approved: June 1, 1960.

FRED C. SCRIBNER, JR.,
Acting Secretary of the Treasury.

PARAGRAPH 1. Section 1.1232 is amended—

(A) By revising subsections (a) (2) and (c) of section 1232 to read as follows:

§ 1.1232 Statutory provisions; bonds and other evidences of indebtedness.

SEC. 1232. Bonds and other evidences of indebtedness—(a) General rule. . . .

(2) Sale or exchange—(A) General rule. Except as provided in subparagraph (B), upon sale or exchange of bonds or other evidences of indebtedness issued after December 31, 1954, held by the taxpayer more than 6 months, any gain realized which does not exceed—

(i) An amount equal to the original issue discount (as defined in subsection (b)), or

(ii) If at the time of original issue there was no intention to call the bond or other evidence of indebtedness before maturity, an amount which bears the same ratio to the original issue discount (as defined in subsection (b)) as the number of complete months that the bond or other evidence of indebtedness was held by the taxpayer bears to the number of complete months from the date of original issue to the date of maturity, shall be considered as gain from the sale or exchange of property which is not a capital asset. Gain in excess of such amount shall be considered gain from the sale or exchange of a capital asset held more than 6 months.

(B) Exceptions. This paragraph shall not apply to—

(i) Obligations the interest on which is not includible in gross income under section 103 (relating to certain governmental obligations), or

(ii) Any holder who has purchased the bond or other evidence of indebtedness at a premium.

(C) Double inclusion in income not required. This section shall not require the inclusion of any amount previously includible in gross income.

(c) Bond with unmatured coupons detached. If a bond or other evidence of indebtedness issued at any time with interest coupons—

(1) Is purchased after August 16, 1954, and before January 1, 1958, and the purchaser does not receive all the coupons which first become payable more than 12 months after the date of the purchase, or

(2) Is purchased after December 31, 1957, and the purchaser does not receive all the coupons which first become payable after the date of the purchase,

then the gain on the sale or other disposition of such evidence of indebtedness by such purchaser (or by a person whose basis is determined by reference to the basis in the hands of such purchaser) shall be considered as gain from the sale or exchange of property which is not a capital asset to the extent that the fair market value (determined as of the time of the purchase) of the evidence of indebtedness with coupons attached exceeds the purchase price. If this subsection and subsection (a)(2)(A) apply with respect to gain realized on the sale or exchange of any evidence of indebtedness, then subsection (a)(2)(A) shall apply with respect to that part of the gain to which this subsection does not apply.

(B) By adding at the end thereof the following historical note:

[Sec. 1232 as amended by secs. 50 and 51, Technical Amendments Act 1958 (72 Stat. 1642, 1643); sec. 3(e), Life Insurance Company Income Tax Act 1959 (73 Stat. 140)]

PAR. 2. Section 1.1232-1 is amended by revising paragraph (a) thereof to read as follows:

§ 1.1232-1 Bonds and other evidences of indebtedness; scope of section.

(a) *In general.* Section 1232 applies to any bond, debenture, note, or certificate or other evidence of indebtedness (referred to in this section and §§ 1.1232-2 through 1.1232-4 as an obligation) (1) which is a capital asset in the hands of the taxpayer, and (2) which is issued by any corporation, or by any government or political subdivision thereof. In general, section 1232(a)(1) provides that the retirement of an obligation, other than certain obligations issued before January 1, 1955, is considered to be an exchange and, therefore, is usually subject to capital gain or loss treatment; and section 1232(a)(2) provides that in the case of a gain realized on the sale or exchange of certain obligations issued at a discount after December 31, 1954, the amount of gain equal to such discount or, under certain circumstances, the amount of gain equal to a specified portion of such discount, constitutes ordinary income. Section 1232 (c) treats as ordinary income a portion of any gain realized upon the disposition of (i) coupon obligations which were acquired after August 16, 1954, and before January 1, 1958, without all coupons maturing more than 12 months after purchase attached, and (ii) coupon obligations which were acquired after December 31, 1957, without all coupons maturing after the date of purchase attached.

PAR. 3. Section 1.1232-3 is amended—

(A) By revising paragraph (a) thereof to read as follows:

§ 1.1232-3 Gain upon sale or exchange of obligations issued at a discount after December 31, 1954.

(a) *General rule.*—(1) *Sale or exchange before January 1, 1958.* Gain realized upon the sale or exchange before January 1, 1958, of an obligation issued at a discount after December 31, 1954, and held by the taxpayer for more than six months, shall be considered ordinary income to the extent it equals a specified portion of the "original issue discount", and the balance, if any, of the

gain shall be considered as long-term capital gain. The term "original issue discount" is defined in paragraph (b) of this section. The computation of the amount of gain which constitutes ordinary income is illustrated in paragraph (c) of this section.

(2) *Sale or exchange after December 31, 1957.* In the case of gain realized upon the sale or exchange after December 31, 1957, of an obligation issued at a discount after December 31, 1954, and held by the taxpayer for more than six months, section 1232(a)(2)(A) provides that such gain shall be considered ordinary income to the extent it does not exceed—

(i) An amount equal to the entire "original issue discount", or

(ii) If at the time of original issue there was no intention to call the bond or other evidence of indebtedness before maturity, a portion of the "original issue discount" determined in accordance with paragraph (c) of this section,

and the balance, if any, of the gain shall be considered as long-term capital gain. The terms "original issue discount" and "intention to call the bond or other evidence of indebtedness before maturity" are defined in paragraph (b) of this section.

(3) *Obligations issued before January 1, 1955.* Whether gain representing original issue discount realized upon the sale or exchange of obligations issued at a discount before January 1, 1955, is capital gain or ordinary income shall be determined without reference to section 1232.

(B) By adding at the end of paragraph (b) thereof the following new subparagraph:

(b) *Definitions.* * * *

(4) *Intention to call before maturity.*—(i) *Meaning of term.* For purposes of section 1232, the term "intention to call the bond or other evidence of indebtedness before maturity" means an understanding between (a) the issuing corporation (such corporation is hereinafter referred to as the "issuer"), and (b) the original purchaser of such obligation (or, in the case of obligations constituting part of an issue, any of the original purchasers of such obligations) that the issuer will redeem the obligation before maturity. For purposes of this subparagraph, the term "original purchaser" does not include persons or organizations acting in the capacity of underwriters or dealers, who purchased the obligation for resale in the ordinary course of their trade or business. It is not necessary that the issuer's intention to call the obligation before maturity be communicated directly to the original purchaser by the issuer. The understanding to call before maturity need not be unconditional; it may, for example, be dependent upon the financial condition of the issuer on the proposed early call date.

(ii) *Proof of intent.*—(a) *In general.* Ordinarily the existence or non-existence of an understanding at the time of original issue that the obligation will be redeemed before maturity shall be determined by an examination of all of the

circumstances under which the obligation was issued and held. The fact that the obligation is issued with provisions on its face giving the issuer the privilege of redeeming the obligation before maturity is not determinative of an intention to call before maturity; likewise, the absence of such provision is not determinative of the absence of an intention to call before maturity. However, such provision, or the absence of such provision, is one of the circumstances to be given consideration along with other factors in determining whether an understanding existed. If the obligation was part of an issue registered with the Securities and Exchange Commission and was sold to the public (whether or not sold directly to the public by the obligor) without representation to the public that the obligor intends to call the obligation before maturity, there shall be a presumption that no intention to call the obligation before maturity was in existence at the time of original issue. The existence of a provision on the face of an obligation giving the issuer the privilege of redeeming the obligation before maturity shall not in and of itself overcome the presumption set forth in the preceding sentence.

(b) *Circumstances indicating absence of understanding.* Examples of circumstances which would be evidence that there was no understanding at the time of original issue to redeem the obligation before maturity are—

(1) The issue price and term of the obligation appear to be reasonable, taking into account the interest rate, if any, on the obligation, for a corporation in the financial condition of the issuer at the time of issue.

(2) The original purchaser and the issuer are not related within the meaning of section 267(b) and have not engaged in transactions with each other (other than concerning the obligation).

(3) The original purchaser is not related within the meaning of section 267(b) to any of the officers or directors of the issuer, and he has not engaged in transactions with such officers or directors (other than concerning the obligation).

(4) The officers and directors of the issuer at the time of issue of the obligation are different from those in control at the time the obligation is called or the taxpayer disposes of it.

(C) By striking the heading and first sentence of paragraph (c) thereof and inserting in lieu thereof:

(c) *Gain treated as ordinary income in certain cases; computation.* The amount of gain treated as ordinary income under paragraph (a) (1) or (2) (ii) of this section is computed by multiplying the original issue discount by a fraction, the numerator of which is the number of full months the obligation was held by the holder and the denominator of which is the number of full months from the date of original issue to the date specified as the redemption date at maturity.

(D) By inserting between the second and third sentences of example (1) in paragraph (c) thereof the following new sentence: "At the time of original issue,

there was no intention to call the bond before maturity." (E) By revising paragraph (e) thereof to read as follows:

(e) *Amounts previously includible in income.* Nothing in section 1232 shall require the inclusion of any amount previously includible in gross income. Thus, if an amount was previously includible in a taxpayer's income on account of obligations issued at a discount and redeemable for fixed amounts increasing at stated intervals, or, under section 818(b), as amended by the Life Insurance Company Income Tax Act of 1959 (73 Stat. 133) (relating to accrual of discount on bonds and other evidences of indebtedness held by life insurance companies), such amount is not again includible in the taxpayer's gross income under section 1232. For example, amounts includible in gross income by a cash receipts and disbursements method taxpayer who has made an election under section 454 (a) or (c) (relating to accounting rules for certain obligations issued at a discount) are not includible in gross income under sec-

tion 1232. In the case of a gain which would include, under section 1232, an amount considered to be ordinary income and a further amount considered long-term capital gain, any amount to which this paragraph applies is first used to offset the amount considered ordinary income. For example, on January 1, 1955, A purchases a ten-year bond which is redeemable for fixed amounts increasing at stated intervals. At the time of original issue, there was no intention to call the bond before maturity. The purchase price of the bond is \$75, which is also the issue price. The stated redemption price at maturity of the bond is \$100. A elects to treat the annual increase in the redemption price of the bond as income pursuant to section 454(a). On January 1, 1960, A sells the bond for \$90. The total stated increase in the redemption price of the bond which A has reported annually as income for the taxable years 1955 through 1959 is \$7. The portion of the original issue discount of \$25 attributable to this period is \$12.50, computed as follows:

120 (months from date of original issue to redemption date) \times \$25 (original issue discount)

60 (months bond is held by A)

However, \$7, which represents the annual stated increase taken into income, is offset against the amount of \$12.50, leaving \$5.50 of the gain from the sale to be treated as ordinary income.

PAR. 4. Section 1.1232-4 is amended by striking the first sentence thereof and inserting in lieu thereof:

§ 1.1232-4. *Obligations with excess coupons detached.*

Section 1232(c) provides that if an obligation which is issued at any time with interest coupons—

(a) Is purchased after August 16, 1954, and before January 1, 1958, and the purchaser does not receive all the coupons which first become payable more than 12 months after the date of the purchase, or

(b) Is purchased after December 31, 1957, and the purchaser does not receive all the coupons which first become payable after the date of purchase,

any gain on the later sale or other disposition of the obligation by the purchaser (or by a transferee of the pur-

delivery type contract calling for a stated quantity of certain supplies or services to be delivered pursuant to delivery orders furnished during a designated period of time. The duration of this type of contract is limited to the fiscal year for which such funds are appropriated. Funds are obligated for the total amount upon execution of the contract for the fulfillment of a bona fide need of certain supplies or services for the fiscal year for which such funds are appropriated. It normally specifies the individuals or activities authorized to issue orders for delivery on behalf of the Government and in most cases provides for the direct shipment of the supplies involved from the vendor's establishment to the using agency, thereby minimizing expense of Government handling. Although this type of contract is used primarily for commercial type items readily available, lead time, it may also be used for non-commercial items.

(b) *Requirements contract.* A requirements contract is an indefinite delivery type contract under which the Government agrees that designated activities are obligated to order all of their purchases or services and the contractor agrees to furnish the specified supplies or services during a designated period of time upon receipt of a delivery order from the Government. Under such an arrangement, funds are obligated for individual purchases each time a delivery order is issued except where the terms of the contract provide for an acceptance of each order by the contractor. When the contract provides for such acceptance, funds are obligated when the contractor has accepted the delivery order. The duration of this type contract may extend beyond the fiscal year for which the contract was executed provided (1) the duration of performance of the contract does not exceed one calendar year, (2) current fiscal year funds are obligated for each delivery order, and (3) the supplies or services to be obtained by each such delivery order are determined to be for the fulfillment of a bona fide need of the fiscal year involved. When the contract provides no limitation as to the maximum quantity which may be ordered at one time, the contracting officer should not issue delivery orders for what, under the circumstances, may be unreasonable quantities. Generally, the

function, purpose, and use of a requirements contract are similar to those of the definite quantity contract.

(c) *Indefinite quantity contract.* An indefinite quantity contract is a combination of a definite quantity contract and a requirements contract, in that the Government is obligated to order a stated minimum quantity of supplies or services, during a specified period and has the option to order quantities in excess of the minimum. Under this arrangement the contractor is obligated to furnish such stated minimum and any additional quantities ordered by the Government under the option. The optional provision of the contract shall state a maximum quantity. In the determination of such maximum, the contracting officer should not establish a quantity greater than may be reasonably expected to be ordered from, or furnished by, the contractor. Up to the stated minimum the contract is in effect a definite quantity contract and funds are obligated upon execution of the contract. In this situation, the duration of the contract is limited to the fiscal year for which such funds are appropriated and for the fulfillment of a bona fide need of certain supplies or services for that fiscal year. If and when the Government exercises its option of ordering quantities in excess of the minimum, with respect to such quantities, the contract is in effect a requirements contract and funds are obligated upon the issuance of the delivery order or its acceptance by the contractor, depending upon the terms of the contract. In this situation, the duration of the performance of the contract may extend beyond the fiscal year for which the contract was executed provided (1) the entire contract period does not exceed a total period of one calendar year, (2) current fiscal year funds are obligated for each delivery order, and (3) the supplies or services to be obtained by each such delivery order are determined to be for the fulfillment of a bona fide need of the fiscal year involved.

[C 21, APP. May 18, 1960] (Sec. 3012, 70A Stat. 157; 10 U.S.C. 3012. Interpret or apply secs. 2301-2314, 70A Stat. 127-133; 10 U.S.C. 2301-2314)

R. V. LEE,

Major General, U.S. Army,
The Adjutant General.

[F.R. Doc. 60-5101; Filed, June 6, 1960; 8:45 a.m.]

Title 32—NATIONAL DEFENSE

Chapter V—Department of the Army

SUBCHAPTER G—PROCUREMENT

PART 606—SUPPLEMENTAL PROVISIONS

Indefinite Delivery Type Contracts

Section 606.1102 is revised to read as follows:

§ 606.1102 General.

(a) *Definite quantity contract.* A definite quantity contract is an indefinite

Chapter XIV—The Renegotiation Board

SUBCHAPTER B—RENEGOTIATION BOARD REGULATIONS UNDER THE 1951 ACT

PART 1455—PERMISSIVE EXEMPTIONS FROM RENEGOTIATION

Prime Contracts and Subcontracts To Be Performed Outside the United States; Correction

In Federal Register Document 60-4965, published on page 4801 of the issue for Wednesday, June 1, 1960, in § 1455.2 (c-1)(2) the final word "exemption" should read "renegotiation".

Dated: June 2, 1960.

THOMAS COGGESHALL,
Chairman.

[F.R. Doc. 60-5127; Filed, June 6, 1960; 8:47 a.m.]

Title 39—POSTAL SERVICE

Chapter I—Post Office Department

PART 4—INFORMATION ON POSTAL MATTERS

PART 36—SPECIAL CANCELLATIONS

PART 61—MONEY ORDERS

PART 63—POSTAL SAVINGS

Miscellaneous Amendments

The regulations of the Post Office Department are amended as follows:

I. In § 4.4 *Available records*, paragraph (d) is amended to provide that postmasters and postal employees consult with and secure the approval of the General Counsel before complying with a proper subpoena duces tecum. As so amended, paragraph (d) reads as follows:

§ 4.4 Available records.

(d) Postmasters and postal employees will comply with a proper subpoena duces tecum issued by a court of record only after consulting with and getting approval of the General Counsel of the Post Office Department. When employees are authorized to comply with subpoenas duces tecum, they will not leave the records themselves with the court but will leave copies prepared for that purpose.

Note: The corresponding Postal Manual section is 114.44.

(R.S. 161, as amended 396, as amended, 5 U.S.C. 22, 369)

II. Part 36—Special Cancellation, as amended by Federal Register document 59-5314, 24 F.R. 5302-5303, is further amended by (1) clarifying the period of time for use of the special cancellations; (2) providing that the wording must relate directly to the event and that illustrations or designs should not be used; (3) adding the requirement that postmasters submit an impression of the cancellation presently in the machine which is to use the special die, and the part numbers of certain dies; (4) inserting a new § 36.5 which requires mail-

ers desiring special cancellations on their mail to pay postage on the mail at first class rate, and prohibits the holding of mail by postmasters to comply with requests that the mail be cancelled on a particular date. As so amended, Part 36 reads as follows:

Sec.

36.1 Description of machine cancellations.

36.2 How sponsors obtain special cancellations.

36.3 Disposition.

36.4 Revocation.

36.5 Mail submitted for special cancellation.

AUTHORITY: §§ 36.1 to 36.5 issued under R.S. 161, as amended, 396, as amended, sec. 1, 2, 42 Stat. 540, as amended; 5 U.S.C. 22, 369, 39 U.S.C. 368, 368a.

§ 36.1 Description of machine cancellations.

The canceling of postage stamps and the printing of the postmark circle on letter mail is accomplished simultaneously by the inked die hubs of high speed canceling machines. The cancellation portion of the impression appears to the right of the postmark circle and consists of lines, or messages, to sufficiently deface stamps in the area indicated in the following diagram:



Special canceling machine die hubs may be authorized for use in place of the regular die hubs at designated post offices. When authorized, the special die hubs are placed on canceling machines through which a large volume of letter mail is canceled.

§ 36.2 How sponsors obtain special cancellations.

(a) *Requirements for use*—(1) *When*. (i) Permission for use of special cancellations is granted for advertising purposes in the following cases only:

(a) Where the event to be advertised is for some national purpose for which Congress has made an appropriation; or

(b) Where the event to be advertised is of general public interest and importance, to endure for a definite period of time, and is not to be conducted for private gain or profit.

(ii) Special cancellations are not authorized for:

(a) Events of interest primarily to a particular local group.

(b) Fraternal, political, religious, commercial, or trade organizations.

(c) Campaigns or events promoting the sale or use of private products or services.

(d) Idea or slogan promotion not directly connected with an event of general public interest and importance.

(e) Events which occur during a period when all canceling machines in the post office have already been scheduled for the use of other special cancellation die hubs.

(2) *Where*. The cancellation may be used only in a first- or second-class post office.

(3) *Period of time*. The special cancellation may not be used longer than 6 months, plus the duration of the event.

(4) *Cost*. The sponsor must pay the cost of manufacturing the special cancellation die hub, and any costs incurred in adapting canceling machines for its use or for installing the hub. The cost of a die hub is usually \$36 to \$60. The organization or persons assuming the cost of manufacturing the die hub are billed by the manufacturer.

(b) *Wording*. The space available for the wording is shown in the illustration below. The wording must be limited to 3 lines of not more than 20 letters, numbers, or spaces each, so that the wording may be in type large enough to be legible. The wording must relate direct to the event. Illustrations or designs should not be used because of the limited space available on the die hub.



(c) *Application*—(1) *Where to apply*. If the event to be advertised meets the conditions in paragraph (a) (1) of this section, submit the application in writing to the postmaster at the post office where the cancellation die hub is to be used, so that the postmaster can furnish the Department certain necessary information.

(2) *When to apply*. The application should be submitted to the postmaster at least 2 months before the date the cancellation die hub is to be placed in operation.

(3) *Information needed*. The application must provide the following information:

(i) Complete description of the event to be advertised, including evidence that it is not being conducted for private profit.

(ii) Wording of the proposed cancellation.

(iii) Name of the post office where the cancellation is to be used.

(iv) Period of use desired.

(v) Number of die hubs desired.

(vi) Name and address of the sponsor who will be billed for the cost.

(d) *Referral by postmaster*. The postmaster will forward the application to the Postal Services Division, Bureau of Operations, Post Office Department, Washington 25, D.C. The postmaster must furnish with the application a sample impression of the canceling die presently on the machine that is to use the special cancellation die and the name of the manufacturer and model of the canceling machine on which the special die hub will be used, and must specify whether the machine is new or old (square or round type ring die). If the canceling machine is a Model Flier, M, or G, the postmaster must state the correct die hub part number from the Operating Instruction Book (1207 or 1207-G for Flier and M Machines, and 218 or 218-A for G Machines). The postmaster must also state the effect the approval would have on the use of special

cancellations already approved for his office.

(e) *Authorization.* The sponsor will be informed through the postmaster of the approval or denial of the application. If the application is approved, the Department will arrange for the manufacture of the die hub, and instruct the postmaster as to its use.

§ 36.3 Disposition.

(a) *After use.* Sponsors may not obtain from postmasters die hubs that have been used. Hubs not retained by the postmaster for future use shall be sent by him to the Procurement Parts Unit, Mail Equipment Shops, 2135 Fifth Street NE., Washington 25, D.C., as soon as the period of use is completed.

(b) *Unserviceable die hubs.* (1) Replacement parts for a die hub retained for use during an event which recurs each year may be requisitioned from the Procurement Parts Unit, Mail Equipment Shops, if the die hub can be repaired by the postmaster. Die hubs that cannot be repaired by the postmaster should be sent to the Procurement Parts Unit, Mail Equipment Shops, 2135 Fifth Street NE., Washington 25, D.C., together with a memorandum requesting their disposal. No facilities are available at the Shops for the repair of these die hubs.

(2) When the special cancellation die hub must be replaced, the postmaster will immediately notify the local sponsor so that the sponsor may, if he desires, make application for a replacement through the local postmaster.

§ 36.4 Revocation.

Authorization to use any special cancellation die hub may be curtailed or revoked when necessary to use special postmarking dies for Government purposes.

§ 36.5 Mail submitted for special cancellations.

(a) *Postage.* Mailers requesting that their mail be canceled with a special cancellation must affix first-class postage to the mail. Stamps issued by foreign countries must not be placed on the mail.

(b) *Holding the mail.* Postmasters will not hold mail to comply with requests of patrons that the mail be postmarked with the special cancellation on a particular date.

NOTE: The corresponding Postal Manual Part is 146.

III. In § 61.3 *How to cash a money order*, subparagraph (3) of paragraph (a) as amended by Federal Register Document 60-1647, 25 F.R. 1616-1617, is further amended by deleting the provision for cashing money orders issued at military post offices at foreign branches of United States banks. As so amended, subparagraph (3) of paragraph (a) reads as follows:

§ 61.3 How to cash a money order.

(a) *Where to cash.* * * *

(3) Money orders issued at military post offices are payable only at military post offices and United States military banking facilities, or at post offices or

banks located in the United States, its possessions or Territories, and countries with which the United States transacts domestic-international money order business. If the remitter or payee of a money order issued at a military post office transfers ownership by endorsement to another, the endorsee must cash the money order at either a military post office, a United States military banking facility, or a post office located in the United States, its possessions or Territories.

NOTE: The corresponding Postal Manual section is 171.313.

(R.S. 161, as amended, 396, as amended, 4027, sec. 12, 65 Stat. 676, as amended; 5 U.S.C. 22, 369, 39 U.S.C. 246f, 711)

IV. In § 63.7 *Privacy of accounts*, a new paragraph (d) is added to extend authority to furnish information about the balance in a postal savings account to an Internal Revenue agent. As so added, paragraph (d) reads as follows:

§ 63.7 Privacy of accounts.

(d) On request of an Internal Revenue agent investigating a tax deficiency, if the agent has reason to believe the person may have a postal savings account.

NOTE: The corresponding Postal Manual section is 173.7d.

(R.S. 161, as amended, 396, as amended, sec. 1, 36 Stat. 814, as amended; 5 U.S.C. 22, 369, 39 U.S.C. 751)

§ 63.8 [Deletion]

V. Section 63.8 *Nuisance accounts* is deleted.

§ 63.9 [Amendment]

VI. Section 63.9 *Claims* is redesignated as § 63.8 *Claims*. The 20 cents fee charged a depositor for cashing a certificate within 1 month from the date of issue eliminates the necessity for classifying an account with frequent turnover of deposits as a nuisance account.

NOTE: The corresponding Postal Manual sections are 173.8 and 173.9.

(R.S. 161, as amended, 396, as amended, sec. 1, 36 Stat. 814, as amended; 5 U.S.C. 22, 369, 39 U.S.C. 751)

[SEAL] HERBERT B. WARBURTON,
General Counsel.

[F.R. Doc. 60-5068; Filed, June 6, 1960;
8:45 a.m.]

Title 36—PARKS, FORESTS, AND MEMORIALS

Chapter I—National Park Service, Department of the Interior

PART 7—SPECIAL REGULATIONS RELATING TO PARKS AND MONU- MENTS

Yosemite National Park, California; Fishing and Speed

Pursuant to the authority contained in section 3 of the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 3), National

Park Service Order No. 14, 19 F.R. 8824; Regional Director, Region Four, Order No. 3, 21 F.R. 1495, § 7.16 of Title 36 of the Code of Federal Regulations is amended as follows: Subparagraph (2) of paragraph (a), is revoked since these waters are no longer needed as a source of fish spawn and paragraph (d) *Speed* is deleted, as this is adequately covered in the National Park Service General Rules and Regulations under § 1.42 *Limitations on speed*. As these amendments are a relaxation of the restrictions of the special regulations, notice and public procedure thereon have been deemed unnecessary and the amendments shall become effective upon publication in the FEDERAL REGISTER.

JOHN C. PRESTON,
Superintendent,
Yosemite National Park.

[F.R. Doc. 60-5114; Filed, June 6, 1960;
8:45 a.m.]

Title 47—TELECOMMUNICATION

Chapter I—Federal Communications Commission

PART 63—EXTENSION OF LINES AND DISCONTINUANCE OF SERVICE BY CARRIERS

Miscellaneous Amendments

The Commission having under consideration the desirability of making certain editorial changes in Part 63 of its rules and regulations; and

It appearing that the amendments adopted herein are editorial in nature and, therefore, prior publication of Notice of Proposed Rule Making under the provisions of section 4 of the Administrative Procedure Act is unnecessary, and the amendments may become effective immediately; and

It further appearing that the amendments adopted herein are issued pursuant to authority contained in sections 4(i), (5) (d) (1) and 303(r) of the Communications Act of 1934, as amended, and section 0.341(a) of the Commission's Statement of Organization, Delegations of Authority and Other Information;

It is ordered, This 27th day of May 1960 that, effective June 3, 1960, Part 63 is amended as set forth below.

(Sec. 4, 48 Stat. 1066, as amended; 47 U.S.C. 154. Interprets or applies sec. 303, 48 Stat. 1082, as amended; 47 U.S.C. 303)

Released: May 31, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

1. Section 63.60(a) (1) and (h) are amended to read:

§ 63.60 Definitions.

(a) * * *

(1) The closure by a carrier of a public telegraph office, a telephone exchange

rendering interstate or foreign telephone toll service, a public toll station serving a community or part of a community, or a public coast station as defined in § 7.3 of this chapter; the term "closure" of a public telegraph office includes the substitution of an agency or jointly-operated office for a telegraph office operated directly by the carrier but does not include the substitution of one telegraph agency office for another telegraph agency office, except where an increase in charges to the public results;

(h) "Public toll station" means a public telephone station, located in a community, through which a carrier provides service to the public, and which is connected directly to a toll line operated by such carrier;

2. Section 63.62(d) is amended by adding a proviso (derived from § 63.60 (h)), as follows:

§ 63.62 Type of discontinuance, reduction, or impairment of telephone or telegraph service requiring formal application.

(d) The closure of a public toll station where no other such toll station of the applicant in the community will continue service (for contents of application, see § 63.504): *Provided, however*, That no application shall be required under this part with respect to the closure of a toll station located in a community where telephone toll service is otherwise available to the public through a telephone exchange connected with the toll lines of a carrier;

§ 63.63 [Amendment]

3. Section 63.63(b) is amended by adding a comma after "expiration of such 60-day period".

§ 63.64 [Amendment]

4. Section 63.64(b) is amended by adding a comma after "effective as of the 60th day following the date of filing of such request unless".

§ 63.67 [Amendment]

5. Section 63.67(a)(6) is amended by changing the word "substituted" to "substitute" in two places in the form of notice.

§ 63.68 [Amendment]

6. Section 63.68(a)(6) is amended by changing the word "substituted" to "substitute" in the parenthetical expression in the form of notice.

§ 63.502 [Amendment]

7. Section 63.502(n) is amended by substituting a colon for the semicolon after "If application is for reduction of hours".

[F.R. Doc. 60-5140; Filed, June 6, 1960; 8:48 a.m.]

Proposed Rule Making

POST OFFICE DEPARTMENT

[39 CFR Part 43]

MAILING CHUTES AND RECEIVING BOXES

Procedure for Approving Manufacturers

It is proposed to amend the regulations in § 43.6(h) of Title 39, Code of Federal Regulations, by adding regulations which outline the general procedure to be followed by a firm desiring to have its name placed on the list of approved manufacturers of mailing chutes and receiving boxes.

Although the regulations relate to a proprietary function of the Government, it is the desire of the Postmaster General voluntarily to observe the rule making requirements of the Administrative Procedure Act (5 U.S.C. 1003) in order that patrons of the Postal Service may have an opportunity to present written views concerning the proposed regulations. Accordingly, such written views may be submitted to Mr. L. B. Schoonover, Director, Postal Installations Division, Room 4334, Post Office Department, Washington 25, D.C., at any time prior to the thirtieth day following the date of publication of this notice in the FEDERAL REGISTER.

The proposed amendments are as follows:

In § 43.6 *Mail chutes and receiving boxes*, paragraph (h) is amended by redesignating subparagraphs (1) and (2) as subparagraphs (2) and (3), and by inserting a new subparagraph (1). As so amended, paragraph (h) reads as follows:

§ 43.6 Mail chutes and receiving boxes.

(h) *Mailing chute and receiving box manufacturers.* (1) A firm interested in the manufacture of mailing chutes or mailing chute receiving boxes must first submit to the Regional Operations Director, through the postmaster, specifications, drawings, and a full size working model of the chute and receiving box. The chute section should be at least five feet in length and must contain a mail slot. This section is to be attached to the receiving box. If the specifications, drawings, and model are found satisfactory, the Regional Operations Director will request the firm to submit a \$10,000 bond as specified in paragraph (f) (3) of this section. After the bond is examined and approved, he will authorize installation of not more than three mailing chutes and receiving boxes for a 90-day actual service condition test. If no unsatisfactory condition is disclosed during the test period, the Regional Operations Director will give the concern final approval for the manufacture of this equipment. The company's name and address will then be added to the list of authorized manu-

facturers of mailing chutes and receiving boxes.

(2) Manufacturers of approved receiving boxes and mailing chutes are: Capitol Mail Chute Corp., 55 Cozine Avenue, Brooklyn 7, N.Y.; Cutler Mail Chute Co., 76 Anderson Avenue, Rochester 7, N.Y.; Federal Mail Chute Corp., Ltd., 436 Kearny Street, San Francisco 8, Calif.

(3) Louis Sack Co., Inc., 24 Lake Street, Somerville 43, Mass., is authorized to manufacture only receiving boxes for mailing chutes.

NOTE: The corresponding Postal Manual section is 153.68.

(R.S. 161, as amended, 396, as amended, sec. 1, 24 Stat. 569, as amended; 5 U.S.C. 22,369,39 U.S.C. 156)

[SEAL] HERBERT B. WARBURTON,
General Counsel.

[F.R. Doc. 60-5128; Filed, June 6, 1960;
8:47 a.m.]

DEPARTMENT OF THE INTERIOR

Bureau of Indian Affairs

[25 CFR Part 221]

OPERATION AND MAINTENANCE CHARGES

San Carlos Indian Irrigation Project, Arizona; Closing Time for Comments

In F.R. Doc. 60-4811, appearing on page 4751 of the issue of May 28, 1960, notice was given of the intent to amend 25 CFR Part 221. Further notice is given that written comments, suggestions, or objections with respect to the proposed amendment may be submitted within thirty days of the date of the publication of that notice in the FEDERAL REGISTER to the Bureau of Indian Affairs, Washington 25, D.C.

LEON V. LANGAN,
Acting Commissioner.

JUNE 1, 1960.

[F.R. Doc. 60-5113; Filed, June 6, 1960;
8:45 a.m.]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Food and Drug Administration

[21 CFR Part 121]

FOOD ADDITIVES

Notice of Filing of Petition

Pursuant to the provisions of the Federal Food, Drug, and Cosmetic Act (sec. 409(b) (5), 72 Stat. 1786; 21 U.S.C. 348 (b) (5)), notice is given that a petition has been filed by Dow Chemical Company, Abbott Road Building, Midland, Michigan, proposing the issuance of a

regulation to establish a tolerance of 6,000 parts per million (0.6 percent) of ronnel (O,o-dimethyl o-(2,4,5-trichlorophenyl) phosphorothioate) in feed for beef cattle.

Dated: May 31, 1960.

[SEAL] J. K. KIRK,
Assistant to the Commissioner of Food and Drugs.

[F.R. Doc. 60-5126; Filed, June 6, 1960;
8:47 a.m.]

DEPARTMENT OF THE TREASURY

Bureau of Customs

[19 CFR Part 14]

APPRAISEMENT OF COAL-TAR PRODUCTS

Notice of Intention To Establish New Standards of Strength of Dyes

Notice is hereby given that under the authority conferred in paragraph 28(h), Tariff Act of 1930 (U.S.C., Title 19, section 1001, par. 28(h)), it is proposed to establish new standards of strength of dyes and to remove certain standards of strength previously adopted, as set forth below.

The new standards of strength would replace the standards previously adopted, which are not now of the lowest commercial strength. The specific duties provided for in paragraph 28 on the importations of the dyes affected thereafter would be based on the new standards of lower strength.

Upon any importations which exceed the new standards of strength, the dutiable weight is to be computed on the weight which the article would have if it were diluted to correspond with the new standard strength established as provided in paragraph 28(e).

It is further proposed that the number of the Treasury decision to be published to adopt the proposed new standards of strength shall be added to footnote 13 to § 14.5(m) of the Customs Regulations (19 CFR 14.5(m)).

This notice is published pursuant to section 4 of the Administrative Procedure Act (5 U.S.C. 1003). Data, views, or arguments with respect to this proposal may be addressed to the Commissioner of Customs, Bureau of Customs, Washington 25, D.C. To insure consideration, such communications must be received in the Bureau of Customs not later than 30 days from the date of publication of this notice in the FEDERAL REGISTER. No hearing will be held.

[SEAL] C. A. EMERICK,
Acting Commissioner of Customs.

Approved: May 31, 1960.

A. GILMORE FLUES,
Acting Secretary of the Treasury.

STANDARDS ESTABLISHED

Standard No.	Class index	Name of standard	Manufacturer	Partial list of trade names of imported products commercially identical with each standard	Manufacturer
1 CE-----	S-VII 1077 C-978.	Calcogene Black RBCF Solution.	(CCC)	Neosol Printing Black BD. Sulphur Printing Black WR Powder.	(Ciba) (O)
2 CE-----	S-VII 1301 C-1177.	Indigo VS Paste-----	(ICI)	Sulphur Black T Ex----- Indigo, Pure BASF Pastes and Powder. Indigo Synthetic Powder----- Indigo Powder O-----	(A) (B) (Fran) (ICI)

Key to additional abbreviations of names of manufacturers:

(CCC) American Cyanamid Co., Dyestuff Dept., Bound Brook, N.J., U.S.A.

(Ciba) Ciba Limited, Basle, Switzerland.

(ICI) Imperial Chemical Industries, Ltd., Dyestuffs Div., Manchester, England.

(Fran) Compagnie Francaise de Matieres Colorantes, Paris, France.

STANDARDS REMOVED

Standard No.	Class index	Name of standard	Manufacturer	Partial list of trade names of imported products commercially identical with each standard	Manufacturer
1005-----	S-720----- C-978.	Sulphur Black T Ex-----	(A)	Sulphur Black FAG Ext. No. 4375.	(A)
757-----	S-874----- C-1177.	Indigo, Pure BASF, 20% Paste.	(B)	Indigo, Pure Pastes and Powder. Indigo MLB Pastes and Powder.	(Var.) (M)

NOTE: Standard 1 CE replaces standard 1005. Standard 2 CE replaces standard 757.

[F.R. Doc. 60-5130; Filed, June 6, 1960; 8:47 a.m.]

Internal Revenue Service

[26 CFR (1939) Part 171]

[26 CFR (1954) Part 170]

MISCELLANEOUS REGULATIONS
RELATING TO LIQUOR

Notice of Proposed Rule Making

Notice is hereby given, pursuant to the Administrative Procedure Act, approved June 11, 1946, that the regulations set forth in tentative form below are proposed to be prescribed by the Commissioner of Internal Revenue, with the approval of the Secretary of the Treasury or his delegate. Prior to the final adoption of such regulations, consideration will be given to any comments or suggestions pertaining thereto which are submitted in writing, in duplicate, to the Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Washington 25, D.C., within the period of 30 days from the date of publication of this notice in the FEDERAL REGISTER. Any person submitting written comments or suggestions who desires an opportunity to comment orally at a public hearing on these proposed regulations should submit his request, in writing, to the Director within the 30-day period. In such a case, a public hearing will be held, and notice of the time, place, and date will be published in a subsequent issue of the FEDERAL REGISTER. The proposed regulations are to be issued under the authority contained in section 7805 of the Internal Revenue Code of 1954 (68A Stat. 917; 26 U.S.C. 7805).

[SEAL]

CHARLES I. FOX,
Acting Commissioner of
Internal Revenue.

The purposes of this Treasury decision are to delete certain obsolete material now contained in 26 CFR (1939) Part

171, to revise and include in 26 CFR Part 170 certain regulatory provisions now contained in 26 CFR (1939) Part 171 and in Subparts C, D, and E of 26 CFR Part 235, and to implement the changes in section 5025(i), I.R.C., as amended by Public Law 85-859.

Pursuant to the above:

(A) 26 CFR (1939) Part 171 is amended by deleting § 171.1(a).

(B) 26 CFR Part 170 is amended by adding, immediately following § 170.585, a new Subpart U, as follows:

Subpart U—Manufacture and Sale of
Certain Compounds, Preparations,
and Products Containing Alcohol

Sec.

170.611 Scope of subpart.

170.612 Meanings of terms.

COMMODITY TAX STATUS OF PRODUCTS

170.613 Products exempt from commodity taxes.

170.614 Other exempt U.S.P. and N.F. preparations.

170.615 Change of formula; when required.

170.616 Products classed as rectified products.

SPECIAL (OCCUPATIONAL) TAX STATUS OF
APOTHECARIES AND MANUFACTURERS

170.617 Apothecaries and manufacturers exempt.

170.618 Sale of products for beverage use; special tax.

EFFECT ON OTHER DOCUMENTS

170.619 Regulations superseded.

AUTHORITY: §§ 170.611 to 170.619 issued under 68A Stat. 917; 26 U.S.C. 7805. Other statutory provisions interpreted or applied are cited to text in parenthesis.

§ 170.611 Scope of subpart.

This subpart contains provisions relating to the special tax status of persons who compound, mix, manufacture, or sell compounds, mixtures, preparations,

or products containing taxpaid distilled spirits or wines, and the commodity tax status of such compounds, mixtures, preparations, and products.

§ 170.612 Meanings of terms.

*When used in this subpart, where not otherwise distinctly expressed or manifestly incompatible with the intent thereof, terms shall have the meaning ascribed in this section. Words in the plural form shall include the singular, and vice versa, and words importing the masculine gender shall include the feminine. The terms "includes" and "including" do not exclude things not enumerated which are in the same general class.

Assistant regional commissioner. An assistant regional commissioner (alcohol and tobacco tax) who is responsible to, and functions under the direction and supervision of, a regional commissioner of internal revenue.

Commodity tax. The tax or taxes imposed by sections 5021 and 5022, I.R.C., on products of rectification.

Director. The Director, Alcohol and Tobacco Tax Division, Internal Revenue Service, Treasury Department, Washington, D.C.

Distilled spirits, or spirits. That substance known as ethyl alcohol, ethanol, or spirits of wine, including all dilutions and mixtures thereof.

I.R.C. The Internal Revenue Code of 1954, as amended.

Liquors. Distilled spirits and/or wines.

Person. An individual, trust, estate, partnership, association, company, or corporation.

Special tax. The special (occupational) tax imposed by sections 5081, 5111, and 5121, I.R.C., on rectifiers and dealers in liquors.

Taxpaid distilled spirits, or wines. Distilled spirits or wines, as the case may be, on which the distilled spirits tax imposed by section 5001, I.R.C., or the wine taxes imposed by section 5041, I.R.C., have been paid or determined.

This chapter. Chapter I of Title 26 of the Code of Federal Regulations.

U.S.C. The United States Code.

COMMODITY TAX STATUS OF PRODUCTS

§ 170.613 Products exempt from commodity taxes.

(a) *Products meeting requirements.* Except as provided in § 170.616(b), apothecaries, pharmacists, and manufacturers are not required to pay commodity taxes on medicines, medicinal preparations, food products, flavors, and flavoring extracts manufactured or compounded by them, if the tax has been paid or determined on all of the distilled spirits and/or wines contained therein, as follows:

(1) *Medicines and medicinal preparations.* Medicines and medicinal preparations (including such preparations manufactured in accordance with formulas prescribed by the United States Pharmacopoeia, the National Formulary, or the Homeopathic Pharmacopoeia of the United States) that are unfit for use for beverage purposes.

(2) *Patent medicines.* Patented, patented, and proprietary medicines that are unfit for use for beverage purposes.

(3) *Toilet preparations.* Toilet, medicinal, and antiseptic preparations and solutions that are unfit for use for beverage purposes.

(4) *Flavoring extracts.* Flavoring extracts, sirups, and concentrates that are unfit for use for beverage purposes.

(5) *Laboratory reagents.* Laboratory reagents, stains, and dyes that are unfit for use for beverage purposes.

(6) *Salted wines.* Salted wines which contain not in excess of 21 percent alcohol by volume and not less than 1.5 grams of salt per 100 cubic centimeters.

(7) *Sauces.* Sauces, or sirups consisting of sugar solutions and liquors, in which the alcohol content is not more than 12 percent by volume and the sugar content is not less than 60 grams per 100 cubic centimeters.

(8) *Brandied fruits.* Brandied fruits consisting of solidly packaged fruits, either whole or segmented, and liquors not exceeding the quantity and alcohol content necessary for flavoring and preserving.

(9) *Food products.* Food products such as mincemeat, plum pudding, and fruit cake, where only sufficient liquor is used for flavoring and preserving; and ice cream and ices where only sufficient liquor is used for flavoring purposes.

(b) *Formulas and samples; when required.* On request of the Director, or when in doubt as to the classification of his product, the manufacturer shall submit to the Director the formula for and a sample of his product for examination to verify the manufacturer's claim of exemption from tax.

(72 Stat. 1328; 26 U.S.C. 5025)

§ 170.614 Other exempt U.S.P. and N.F. preparations.

The following United States Pharmacopoeia and National Formulary preparations which are used by physicians and pharmacists principally as vehicles may be made with distilled spirits without incurring liability for rectification and special taxes for their manufacture and sale:

Elixir aromaticum.
Elixir aromaticum rubrum.
Elixir aurantii amari.
Elixir cardamom compositum.
Elixir glycyrrhizae.
Elixir taraxaci compositum.
Elixir terpini hydratis.
Spiritus aetheris.
Spiritus myrciae compositus.
Tinctura aurantii dulcis.
Tinctura limonis.

§ 170.615 Change of formula; when required.

If the assistant regional commissioner finds at any time that any product manufactured under this subpart as an unfit product exempt from tax is being used for beverage purposes, or for mixing with beverage liquors other than by a rectifier, he shall notify the manufacturer to desist the manufacturing of such product until the formula is so changed as to render the product not susceptible of beverage use and such change is approved by the Director:

Provided, That the provisions of this section shall not be so construed as to prohibit the use of such unfit products in small quantities for flavoring drinks at the time of serving for immediate consumption. Where, pursuant to notice, the manufacturer does not desist, or the formula is not so modified as to render the product unsuceptible of beverage use, the manufacturer shall immediately qualify as a rectifier and pay the rectification tax on such product.

§ 170.616 Products classed as rectified liquors.

(a) *Rectified liquors.* United States Pharmacopoeia tincture of ginger is held to be rectified liquor. Bitters, patent medicines, and similar alcoholic preparations which are fit for beverage purposes, although held out as having certain medicinal properties, are also classed as rectified liquors. The commodity tax imposed by section 5021 or 5022, I.R.C., as the case may be, is required to be paid on alcoholic preparations classed as rectified liquors (including cordials or liqueurs). Such preparations are required to be manufactured in the rectifying facilities of a distilled spirits plant, taxpaid, bottled or packaged, stamped, recorded, and disposed of in accordance with the procedure prescribed in Part 201 of this chapter for other rectified spirits or products. Sellers of such preparations will be subject to the provisions of Part 194 of this chapter with respect to special taxes.

(b) *Products sold for beverage use.* Any product described in §§ 170.613 to 170.614, or any other product declared by the Director to be unfit for use for beverage purposes, or any taxpaid distilled spirits recovered from any such product, which is sold for beverage purposes, or is sold under circumstances from which it might reasonably appear that it is the intention of the purchaser to procure the same for sale or use for beverage purposes, is subject to commodity tax.

(72 Stat. 1328; 26 U.S.C. 5021, 5022)

SPECIAL TAX STATUS OF APOTHECARIES AND MANUFACTURERS

§ 170.617 Apothecaries and manufacturers exempt.

(a) *Compounders or manufacturers.* An apothecary, a pharmacist, or a manufacturer is not required to qualify as a rectifier, or pay special (occupational) tax as a rectifier or, except as provided in § 170.618, to qualify as a dealer in liquors in order to prepare, manufacture, or sell products described in §§ 170.613 to 170.614, or products declared by the Director to be unfit for use for beverage purposes.

(b) *Manufacturers recovering taxpaid alcohol.* A manufacturer who recovers taxpaid distilled spirits from dregs or marc or percolation or extraction, or from medicines, medicinal preparations, food products, flavors, or flavoring extracts, which do not meet the manufacturer's standards, is not required to qualify or pay special tax as a rectifier, if such manufacturer uses the recovered distilled spirits exclusively in the manufacture of medicine, medicinal prepara-

tions, food products, flavors, or flavoring extracts, which are unfit for use for beverage purposes.

(c) *Records.* Each manufacturer intending to recover taxpaid distilled spirits under the provisions of paragraph (b) of this section shall notify the assistant regional commissioner of his intention to do so and advise where such operations will be conducted. Such manufacturer shall keep a record of the distilled spirits recovered and the subsequent use to which they are put. The records shall show, (1) the date of recovery, (2) the commodity from which the spirits were recovered, (3) the amount of distilled spirits recovered, (4) the amount of recovered distilled spirits reused, (5) the commodity in which the recovered distilled spirits were reused, and (6) the date of such reuse. Such records shall be retained at the premises where the recovery operations are conducted for not less than two years, and shall be available during regular business hours for examination by internal revenue officers.

(72 Stat. 1328; 26 U.S.C. 5025)

§ 170.618 Sale of products for beverage use; special tax.

Any person (including the manufacturer) who sells for beverage purposes any of the products described in §§ 170.613 to 170.614, or any other product declared by the Director to be unfit for use for beverage purposes, or any distilled spirits recovered as provided in § 170.617(b), or who sells any such substance under circumstances from which it might reasonably appear that it is the intention of the purchaser to procure the same for sale or use for beverage purposes, is required to pay special tax as a wholesale dealer in liquors or a retail dealer in liquors, as the case may be, and, in the case of a manufacturer, may also be required to pay special tax as a rectifier (plus any penalties and interest due).

(72 Stat. 1338, 1340, 1343; 26 U.S.C. 5081, 5111, 5113, 5121)

EFFECT ON OTHER DOCUMENTS

§ 170.619 Regulations superseded.

The provisions of this subpart supersede the regulations contained in 26 CFR (1939) 171.6 and 171.7, and 26 CFR 235.40 through 235.42, 235.50 through 235.61, 235.75, and 235.76. The regulations in this subpart shall not affect any act done or any liability or right accruing or accrued, or any suit or proceeding had or commenced before the effective date of the regulations in this subpart.

[F.R. Doc. 60-5131; Filed, June 6, 1960; 8:47 a.m.]

DEPARTMENT OF AGRICULTURE

Commodity Stabilization Service

[7 CFR Parts 723, 725, 727]

TOBACCO

Farm Acreage Allotments, Normal Yields, and History

Notice of formulation of regulations relating to establishment of farm acre-

age allotments and normal yields for Cigar-binder (types 51, and 52) Tobacco; Cigar-filler and Binder (types 42, 43, 44, 53, 54, and 55) Tobacco; Burley, Flue-cured, Fire-cured (type 21), Fire-cured (types 22, 23, and 24) Tobacco, Dark Air-cured, and Virginia Sun-cured Tobacco; and Maryland Tobacco, for the 1961-62 marketing year, and including certain basic provisions relating to determination of tobacco acreage history and preliminary tobacco acreage allotments for farms for succeeding years.

Notice is hereby given that, pursuant to the authority contained in the applicable provisions of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301, 1312, 1313, 1375), regulations are being prepared governing the establishment of farm acreage allotments and normal yields for the 1961 crop of (1) cigar-binder (types 51 and 52) tobacco, and cigar-filler and binder (types 42, 43, 44, 53, 54, and 55) tobacco, (2) burley, flue-cured, fire-cured (type 21), fire-cured (types 22, 23, and 24), dark air-cured, and Virginia sun-cured tobacco, and (3) Maryland tobacco. Included in such regulations are certain basic provisions relating to determination of tobacco acreage history and preliminary acreage allotments for farms for succeeding years.

The Agricultural Adjustment Act of 1938, as amended, includes only type 41 tobacco in the definition of cigar-filler tobacco. Producers of cigar-filler (type 41) tobacco disapproved marketing quotas for such kind of tobacco for the three marketing years beginning October 1, 1959 (24 F.R. 2271), and previously thereto had disapproved marketing quotas for three successive years subsequent to 1952 (18 F.R. 8474, 19 F.R. 9365, 21 F.R. 667). Hence, pursuant to the provisions of section 312 of the Agricultural Adjustment Act of 1938, as amended, no acreage allotments and marketing quotas were determined for such kind of tobacco for the 1960 crop of such kind of tobacco, and will not be determined for such kind of tobacco for the 1961 crop, unless the required number of producers petition the Secretary to proclaim a quota for such kind of tobacco in accordance with said section.

Maryland tobacco growers approved quotas for the 1960, 1961 and 1962 crops in a referendum held on February 2, 1960 (25 F.R. 1479). Cigar-binder (types 51 and 52) tobacco growers and cigar-filler and binder tobacco growers approved quotas in referenda held on February 11, 1960 for the 1960, 1961 and 1962 crops (25 F.R. 2125). Burley tobacco growers and Virginia sun-cured tobacco growers approved quotas for the 1959, 1960 and 1961 crops in referenda held on February 24, 1959 (24 F.R. 2271). Flue-cured tobacco growers approved quotas for the 1959, 1960 and 1961 crops in a referendum held on December 15, 1958 (24 F.R. 3567).

Pursuant to the provisions of section 312 of the Act, as amended, the Secretary of Agriculture has proclaimed marketing quotas for the 1961-62 marketing year for burley, flue-cured, Virginia sun-cured, Maryland, cigar-binder, and cigar-filler and binder tobacco, respec-

tively. In accordance with section 312 of the Act, the amounts of such marketing quotas will be determined and announced, and under section 313 of the Act will be apportioned among the States, converted into State acreage allotments, and allotted to farms.

Fire-cured tobacco growers and dark air-cured tobacco growers approved quotas for the 1958, 1959 and 1960 crops in referenda held on February 18, 1958 (23 F.R. 2070). The regulations to be issued will be applicable to determination of 1961 farm acreage allotments, which allotments will remain in effect whether or not quotas are approved by growers for the 1961 crop in separate referenda to be held in late 1960 or early 1961, but marketing quotas will not be applicable to the 1961 crop if quotas are disapproved for such crop by growers voting in such referenda. Consideration will be given to suggestions for a date or dates on which the referenda will be held.

Pursuant to the provisions of section 312 of the Act, as amended, the Secretary of Agriculture is required to proclaim marketing quotas for the 1961-62, 1962-63, and 1963-64 marketing years for fire-cured (type 21) tobacco, fire-cured (types 22, 23, and 24) tobacco, and for dark air-cured tobacco. In accordance with section 312 of the Act, the amounts of such marketing quotas will be determined and announced, and under the provisions of section 313 of the Act (7 U.S.C. 1313), such quotas will be apportioned among the States, converted into State acreage allotments and allotted to farms.

It is contemplated that the regulations for (1) cigar-binder (types 51 and 52) tobacco, and cigar-filler and binder (types 42, 43, 44, 53, 54, and 55) tobacco, respectively, (2) burley, flue-cured, fire-cured, dark air-cured and Virginia sun-cured tobacco respectively, and (3) Maryland tobacco, will provide for establishment of farm acreage allotments and normal yields and the issuance of notices of allotments and marketing quotas by county committees substantially the same as provided with respect to the 1960 crops (24 F.R. 6889, 7243), (24 F.R. 6895, 7243), and (23 F.R. 6889). However, the following modifications are contemplated:

1. Sections 725.1116, 723.1116 and 727.1116 would be abbreviated to read:

Determination of 1961 preliminary acreage allotments for old farms. (a) The 1961 preliminary acreage allotment for an old tobacco farm shall be the 1960 farm acreage allotment established for such farm, prior to any reduction for violation of the tobacco marketing quota regulations.

(b) Notwithstanding the provisions of paragraph (a) of this section, no 1961 preliminary allotment or 1961 farm allotment shall be determined for any land which is devoted to commercial or residential development or other non-agricultural purposes, which was not acquired by an agency having the right of eminent domain and which could not have been acquired under right of eminent domain by the person or agency that did acquire it, and which the county

committee and a representative of the State committee determine is retired from agricultural production: *Provided*, That this paragraph shall not preclude the determination of a preliminary allotment or allotment for an old farm returned to agricultural production, or for a farm for which an acreage allotment may be determined under the provisions of § 725.1220 (723.1220 or 727.1220).

Sections 725.1220, 723.1220 and 727.1220 relate to §§ 725.1120, 723.1120 and 727.1120 in the regulations for the 1960-61 marketing year.

2. The following sentence would be added at the end of §§ 725.1118, 723.1118 and 727.1118: "The allotment for a farm under a conservation contract shall be given the same consideration as the allotments for other farms under this section."

3. The following paragraph (d) would be added following paragraph (c) of §§ 725.1123, 723.1123 and 727.1123:

(d) Any new farm allotment approved under §§ 725.1211 to 725.1228, 723.1211 to 723.1229 or 727.1211 to 727.1228 which was determined by the county committee on the basis of incorrect information knowingly furnished the county committee by the applicant for the new farm allotment shall be canceled as of the date established.

4. The definition of "new farm" would be revised to read: "New farm means a farm on which there is no tobacco acreage history since 1955. If in accordance with applicable law and regulations, no 1956, 1957, 1958, 1959 or 1960 tobacco acreage allotment was determined for the farm, any production of tobacco in 1956, 1957, 1958, 1959, or 1960, respectively, shall not be considered in determining whether the farm is a new farm. The term 'tobacco acreage history' as used in this paragraph shall be as defined and explained in § 725.1228 (723.1229 or 727.1228)."

5. The definition of "old farm" would be revised to read: "Old farm means a farm on which there is tobacco acreage history in one or more of the five years 1956 through 1960. If in accordance with applicable law and regulations, no 1956, 1957, 1958, 1959 or 1960 tobacco acreage allotment was determined for the farm, any production of tobacco in 1956, 1957, 1958, 1959 or 1960, respectively, shall not be considered in determining whether the farm is an old farm. The term 'tobacco acreage history' as used in this paragraph shall be as defined and explained in § 725.1228 (723.1229 or 727.1228)."

6. Sections 725.1228, 723.1229 and 727.1228 would be included and would read as follows:

Determination of preliminary allotments for 1962 and subsequent years, and tobacco acreage history for 1960 and subsequent years. (a) The preliminary acreage allotment for an old farm for 1962 and subsequent years shall be the farm acreage allotment for the immediately preceding year prior to any reduction for violation of the tobacco marketing quota regulations; except that if the tobacco acreage history in at least one of the immediately preceding two years

is not as much as 75 percent of the farm allotment (after any reduction for violation) for such year, the preliminary allotment shall be the larger of (1) the largest tobacco acreage history in the past two years or (2) the average tobacco acreage history for the past five years.

(b) Notwithstanding the provisions of paragraph (a) of this section, no 1962 preliminary allotment or 1962 farm allotment shall be determined for any land which is devoted to commercial or residential development or other non-agricultural purposes, which was not acquired by an agency having the right of eminent domain and which could not have been acquired under right of eminent domain by the person or agency that did acquire it, and which the county committee and a representative of the State committee determine is retired from agricultural production: *Provided*, That this paragraph shall not preclude the determination of a preliminary allotment or allotment for an old farm returned to agricultural production, or for a farm for which an acreage allotment may be determined under the provisions of § 725.1220, 723.1220 or 727.1220.

(c) For each of the years 1957, 1958 and 1959, the tobacco acreage history shall be the same as the farm allotment for each such respective year, prior to any reduction for violation. For 1960, and for each subsequent year, the tobacco acreage history shall be the same as the farm allotment (prior to any reduction for violation) for such year, if

(1) The farm consists of federally owned land, or

(2) The final acreage of tobacco determined for the farm is as much as 75 percent of the farm tobacco acreage allotment (after any reduction for violation) for such year, or

(3) The final tobacco acreage determined for the farm plus the acreage regarded as planted to tobacco under the Soil Bank Act is as much as 75 percent of the farm tobacco acreage allotment (after any reduction for violation) for such year, or

(4) The final tobacco acreage determined for the farm plus the acreage regarded as planted to tobacco under the Soil Bank Act for at least one of the two immediately preceding years was as much as 75 percent of the farm tobacco acreage allotment (after any reduction for violation) for such respective year.

(d) If for 1960 or for any subsequent year, the county committee determines that the final tobacco acreage determined for the farm plus the acreage regarded as planted to tobacco under the Soil Bank Act is not as much as 75 percent of the farm tobacco acreage allotment (after any reduction for violation) for such year because of abnormal weather or disease, the tobacco acreage history for such particular year shall be adjusted to become the smaller of (1) the allotment (prior to any reduction for violation) or (2) the final tobacco acreage determined for the farm, plus the additional acreage which the county committee determines would have been included in the final tobacco acreage except for abnormal weather or disease, plus the acreage regarded as planted to tobacco under the Soil Bank Act, and

plus the amount of any reduction for violation. However, in such a case, the farm allotment for such year shall still be considered less than 75 percent planted or regarded as planted in connection with determining the tobacco acreage history for one or both of the next two succeeding years.

(e) If the tobacco acreage history for 1960 or any subsequent year cannot be considered to be the same as the farm allotment under the provisions of paragraph (c) or (d), it shall be the final tobacco acreage determined for the farm, plus the acreage regarded as planted to tobacco under the Soil Bank Act, plus the acreage by which the farm allotment was reduced for violation, and plus the additional acreage which the county committee determines would have been included in the final tobacco acreage except for abnormal weather or disease, not to exceed the tobacco acreage allotment prior to any reduction for violation.

(f) In applying the provisions of paragraphs (c), (d), and (e) of this section, the tobacco acreage history for any year shall not be larger than the allotment prior to any reduction for violation. For any year for which the allotment was reduced for violation (but not reduced to zero), the reduced allotment shall be used in determining whether the allotment was 75 percent planted or regarded as planted. For any year for which an allotment of zero was established (or no allotment was established), any acreage planted to tobacco on the farm in such year shall not be taken into account in determining whether at least 75 percent of the allotment for 1960 or any subsequent year was or is planted or is to be regarded as planted. In the event of planting pursuant to an erroneous notice of allotment for any year, the smaller of (1) the allotment shown on the erroneous notice or (2) the correct allotment that should have been shown on the notice will be used in determining whether the allotment was 75 percent planted or regarded as planted: except that, if the correct notice is zero, any acreage planted to tobacco on the farm in such year shall not be taken into account in determining whether at least 75 percent of the allotment for 1960 or any subsequent year was or is planted or is to be regarded as planted.

(g) The 1956 tobacco acreage history shall not exceed the 1956 allotment, and shall include the tobacco acreage harvested on the farm in 1956, the tobacco acreage devoted in 1956 to the acreage reserve program, the tobacco acreage devoted in 1956 to the conservation reserve program, and, excepting fire-cured tobacco, the 1956 tobacco acreage preserved pursuant to a request of the owner or operator of the farm, as provided in § 725.816(c) of the tobacco marketing quota regulations for the 1957-58 marketing year (21 F.R. 6803, 9398).

(h) Notwithstanding the foregoing provisions of this section, a farm shall be construed to have no tobacco acreage history during the base period, and shall therefore not be considered an old farm, if the only tobacco acreage history computed for the farm during the base

period consists of acreage history restored pursuant to reductions of the allotment for violation(s) of the tobacco marketing quota regulations.

(i) As used in this section, the following terms shall have the meanings described as follows:

(1) "Federally owned land" means land owned by the Federal Government or any department, bureau or agency thereof, or by any corporation all the stock of which is owned by the Federal Government.

(2) "Final tobacco acreage" means the acreage determined under the provisions of Part 718, Determination of Acreage and Performance, and any amendments thereto, to be the final acreage of tobacco on the farm. Any acreage that may have been planted in any year on a farm for which a zero allotment was established or for which no allotment was established shall not be taken into account in determining whether at least 75 percent of the farm allotment for 1960 or any subsequent year was planted.

(3) "Acreage regarded as planted to tobacco under the Soil Bank Act" means: For 1960 and any subsequent crop year, if the tobacco allotment is the only commodity acreage allotment for the farm, the acreage placed in the conservation reserve at the regular rate, not to exceed the amount by which the farm tobacco acreage allotment, after any reduction for violation, exceeds the final tobacco acreage shall be regarded as planted to tobacco under the Soil Bank Act. In the event the farm has two or more commodity allotments for which the final acreage is less than the respective allotment, and the acreage placed in the conservation reserve at the regular rate on the farm is less than the sum of the amounts by which such respective allotments (after release and before reapportionment) exceed the respective final acreages of such crops on the farm, the acreage placed in the conservation reserve at the regular rate shall be prorated and credited to each such allotment commodity. To prorate this acreage, the sum of the amounts by which the respective allotments for those crops for which the final acreage is less than the respective allotment (after release and before reapportionment) exceed the respective final acreage for such allotment crops on the farm shall be obtained. This total shall then be divided into the amount by which each such allotment (after release and before reapportionment) exceeds the final acreage. The percentage thus obtained for each such commodity shall be applied to the acreage on the farm under a conservation contract at the regular rate. The result shall be the acreage considered planted to such commodity on the farm under a conservation reserve contract. Where it is necessary to determine the acreage regarded as planted to tobacco under the Soil Bank Act in 1959 or 1958, the provisions of this paragraph shall be followed in making such determination. For 1958, the acreage entered on the acreage reserve agreement shall be included in the acreage regarded as planted under the Soil Bank

Act, and shall be added to the final acreage in determining whether, and the extent to which, the commodity is entitled to share in the conservation reserve credit for the farm. As used in this paragraph (1) (3), the term "allotment" means the allotment after any reduction for violation in the case of tobacco and peanuts.

7. The definitions of "community cropland factor" and "acreage indicated by cropland" would be eliminated.

8. In §§ 725.1118, 723.1118 and 727.1118, the word "county" would be substituted for the word "community".

9. § 727.1118, the expression "four percent" would be substituted for the expression "three-fourths of one percent".

Prior to the final adoption and issuance of these regulations, consideration will be given to any data, views, and recommendations pertaining thereto which are submitted in writing to the Director, Tobacco Division, Commodity Stabilization Service, United States Department of Agriculture, Washington 25, D.C. All submissions must be postmarked not later than ten days after the date of publication of this notice in the FEDERAL REGISTER in order to be considered.

Issued at Washington, D.C., this 1st day of June 1960.

ANDREW J. MAIR,
Acting Administrator,
Commodity Stabilization Service.

[F.R. Doc. 60-5137; Filed, June 6, 1960;
8:48 a.m.]

FEDERAL AVIATION AGENCY

[14 CFR Parts 600, 601]

[Airspace Docket No. 60-FW-35]

FEDERAL AIRWAYS, CONTROL AREAS AND REPORTING POINTS

Revocation

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to Parts 600 and 601 of the regulations of the Administrator, the substance of which is stated below.

Red Federal airway No. 34 presently extends from the intersection of the southwest course of the Norfolk, Va., radio range and a line bearing 287° True from the Weeksville, N.C., (Navy) radio range to the Weeksville (Navy) radio range. The Federal Aviation Agency has under consideration the revocation of Red 34 in its entirety. A Federal Aviation Agency IFR peak-day airway traffic survey for the period from July 1, 1958 through June 30, 1959, shows no aircraft movement on this airway. On the basis of this survey it appears that the retention of this airway and its associated control areas is unjustified as an assignment of airspace and that the revocation thereof would be in the public interest.

If this action is taken, Red Federal airway No. 34 and its associated control

areas and reporting points would be revoked.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Chief, Air Traffic Management Field Division, Federal Aviation Agency, P.O. Box 1689, Fort Worth 1, Tex. All communications received within forty-five days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Air Traffic Management Field Division Chief, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Air Traffic Management Field Division Chief.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

Issued in Washington, D.C., on June 1, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5106; Filed, June 6, 1960;
8:45 a.m.]

[14 CFR Parts 600, 601]

[Airspace Docket No. 60-LA-39]

FEDERAL AIRWAY, CONTROL AREAS AND REPORTING POINTS

Revocation

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to Parts 600 and 601 of the regulations of the Administrator, the substance of which is stated below.

Blue Federal airway No. 22 and associated control areas presently extend from Delta, Utah, to Malad City, Idaho. The Federal Aviation Agency has under consideration the revocation of Blue 22. The Federal Aviation Agency IFR peak-day airway traffic survey for the period July 1, 1958 through June 30, 1959 shows no aircraft movements on Blue 22. On the basis of the survey, it appears that the retention of Blue 22 and its associated control areas is unjustified as an assignment of airspace and the revoca-

tion thereof would be in the public interest.

If this action is taken, Blue Federal airway No. 22 and its associated control areas and reporting points would be revoked.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Chief, Air Traffic Management Field Division, Federal Aviation Agency, 5651 West Manchester Avenue, P.O. Box 90007, Airport Station, Los Angeles 45, Calif. All communications received within forty-five days after publication of this notice in the FEDERAL REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Air Traffic Management Field Division Chief, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Air Traffic Management Field Division Chief.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

Issued in Washington, D.C., on June 1, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5107; Filed, June 6, 1960;
8:45 a.m.]

[14 CFR Parts 600, 601]

[Airspace Docket No. 60-NY-25]

FEDERAL AIRWAYS, CONTROL AREAS AND REPORTING POINTS

Revocation of Segment of Federal Airway and Associated Control Areas; Modification of Reporting Points and Control Area Extension

Pursuant to the authority delegated to me by the Administrator (§ 409.13, 24 F.R. 3499), notice is hereby given that the Federal Aviation Agency is considering an amendment to §§ 600.107, 601.107, 601.1378, and 601.4107 of the regulations of the Administrator, the substance of which is stated below.

Amber Federal airway No. 7 presently extends, in part, from Richmond, Va., to Philadelphia, Pa. The Federal Aviation Agency has under consideration the revocation of this segment of Amber 7.

The Federal Aviation Agency IFR peak-day air traffic survey for the period January 1, 1959, through December 31, 1959, showed a maximum of seven aircraft movements between any two reporting points on this segment of Amber 7. On the basis of this survey, it appears that the retention of this airway segment and the associated control areas is unjustified as an assignment of airspace and that the revocation thereof would be in the public interest. Concurrently, with this action, the Federal Aviation Agency is considering modification of the Wilmington, Del., control area extension which is presently designated as that airspace lying south of a true east-west line through the center of the New Castle County Airport, Wilmington, Del., within a 30-mile radius of the center of the airport; the airspace west of Wilmington bounded on the south by Amber Federal airway No. 7, on the west by Red Federal airway No. 45, on the north by VOR Federal airway No. 3 and on the northeast by VOR Federal airway No. 29, excluding the portion which lies within the geographic limits of, and between the designated altitudes of, the Aberdeen Restricted Area (R-54) during the restricted area's time of designation. It is proposed to redescribe this control area extension to simplify its description and substitute in its description VOR Federal airways in lieu of L/MF Federal airways due to the diminishing requirement for and the gradual phasing out of the L/MF airways. This modification of the Wilmington control area extension would not result in the designation of any additional control area.

If these actions are taken, the segment of Amber Federal airway No. 7 and associated control areas from Richmond, Va., to Philadelphia, Pa., would be revoked. The caption to § 601.4107 relating to the associated reporting points on Amber Federal airway No. 7 would be modified to coincide with the redesignated airway.

The Wilmington, Del., control area extension would be designated as the area southwest of Wilmington within a 30-mile radius of the New Castle County Airport (latitude 39°40'42" N., longitude 75°36'27" W.), extending clockwise from the New York control area extension (§ 601.1066), to the northern boundary of VOR Federal airway No. 123, excluding the portion which would coincide with the Aberdeen, Md., Restricted Area (R-54) during the restricted area's time of designation; and the area west of Wilmington bounded on the east by the New York control area extension, on the south by VOR Federal airway No. 123, on the west by VOR Federal airway No. 93 and on the north by VOR Federal airway No. 3.

Interested persons may submit such written data, views or arguments as they may desire. Communications should be submitted in triplicate to the Chief, Air Traffic Management Field Division, Federal Aviation Agency, Federal Building, New York International Airport, Jamaica 30, N.Y. All communications received within forty-five days after publication of this notice in the FEDERAL

REGISTER will be considered before action is taken on the proposed amendment. No public hearing is contemplated at this time, but arrangements for informal conferences with Federal Aviation Agency officials may be made by contacting the Regional Air Traffic Management Field Division Chief, or the Chief, Airspace Utilization Division, Federal Aviation Agency, Washington 25, D.C. Any data, views or arguments presented during such conferences must also be submitted in writing in accordance with this notice in order to become part of the record for consideration. The proposal contained in this notice may be changed in the light of comments received.

The official Docket will be available for examination by interested persons at the Docket Section, Federal Aviation Agency, Room B-316, 1711 New York Avenue NW., Washington 25, D.C. An informal Docket will also be available for examination at the office of the Regional Air Traffic Management Field Division Chief.

This amendment is proposed under sections 307(a) and 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).

Issued in Washington, D.C., on June 1, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5108; Filed, June 6, 1960;
8:45 a.m.]

[14 CFR Parts 600, 601]

[Airspace Docket No. 59-WA-430]

FEDERAL AIRWAYS AND CONTROL AREAS

Withdrawal of Proposed Modification

In a notice of proposed rule making published in the FEDERAL REGISTER as Airspace Docket No. 59-WA-430 on March 23, 1960 (25 F.R. 2439), it was stated that the Federal Aviation Agency proposed to designate a standard east alternate to VOR Federal airway No. 42 with associated control areas from the Flint, Mich., VOR to the Windsor, Ontario, VOR. Subsequent to publication of the notice, information has been received regarding a proposal by the Department of Transport of the Canadian Government to convert the Windsor low frequency range to a non-directional radio beacon. This conversion would require revision of procedures in the Detroit, Mich., terminal area, which, in turn, would require a change in alignment of the proposed Victor 42 east alternate. In view of this requirement, the notice is being withdrawn pending further coordination with the Department of Transport of the Canadian Government.

In consideration of the foregoing, the notice of proposed rule making contained in Airspace Docket No. 59-WA-430 is hereby withdrawn.

(Sections 307(a), 313(a) of the Federal Aviation Act of 1958 (72 Stat. 749, 752; 49 U.S.C. 1348, 1354).)

Issued in Washington, D.C., on June 1, 1960.

D. D. THOMAS,
Director, Bureau of
Air Traffic Management.

[F.R. Doc. 60-5109; Filed, June 6, 1960;
8:45 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[47 CFR Parts 7, 8]

[Docket No. 13588; FCC 60-652]

PUBLIC SHIP-SHORE COMMUNICATION IN THE MARITIME MOBILE SERVICE

Los Angeles-San Diego Area

In the matter of amendment of Parts 7 and 8 of the Commission's rules to make the frequency pair 2466 kc (coast)-2382 kc (ship) available for public ship-shore use in the Los Angeles-San Diego area on a 24-hour basis, Docket No. 13588.

1. Notice is hereby given of proposed rule making in the above-entitled matter. The rule amendments proposed are set forth below.

2. By its Report and Order of February 10, 1954 (FCC 54-182, Docket No. 10444), the Commission adopted a frequency assignment plan to implement the provisions of the Geneva Agreement (1951). The frequency pair 2466 kc (coast)-2382 kc (ship) was at that time assigned to the Los Angeles-San Diego area for public ship-shore communication in the maritime mobile service but was not to be available for use until assignment conflicts with other services were eliminated. Those conflicts have been resolved, and final clearance of the frequency pair has been effected.

3. Accordingly, the rule amendments proposed herein would make the frequency pair 2466 kc (coast)-2382 kc (ship) available for public ship-shore use in the Los Angeles-San Diego area on a 24-hour basis. Such use of this pair would be, as indicated in the proposed amendments, subject to certain conditions concerning harmful interference.

4. This proposal is issued under the authority contained in section 303 (c), (f), and (r) of the Communications Act of 1934, as amended.

5. Any interested person who is of the opinion that the proposed amendments should not be adopted, or should not be adopted in the form set forth herein, may file with the Commission on or before July 11, 1960, written data, views, or briefs setting forth his comments. Comments in support of the proposed amendments may also be filed on or before the same date. Comments in reply to the original comments may be filed within ten days from the last day for filing said original data, views, or briefs. The Commission will consider all such comments prior to taking final action in this matter.

6. In accordance with the provisions of § 1.54 of the Commission's rules, an

original and fourteen copies of all statements, briefs, or comments filed shall be furnished the Commission.

Adopted: June 1, 1960.

Released: June 2, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

A. Part 7 is amended as follows:

1. The entry for Los Angeles-San Diego, California, in the table in § 7.306 (b) is amended to read as follows:

§ 7.306 Availability of frequencies below 30 Mc.

* * * * *

(b) * * *

Coast stations located in the vicinity of—	Coast station transmitting carrier frequency ¹		Associated coast station receiving carrier frequency	
	Frequency (kc)	Specific limitations imposed upon availability for use ²	Frequency (kc)	Specific conditions relating to use of these frequencies by ship stations for transmission as shown in § 8.354(a)(1) of this chapter ²
Los Angeles-San Diego, Calif.	2566	None.	2009	None.
	2466	Available on condition that harmful interference is not caused to the service of any coast station located in the vicinity of Tampa, Fla., to which this carrier frequency is assigned for transmission.	2382	Available on condition that harmful interference is not caused to the service of any ship station which is within 300 nautical miles of New Orleans, La., and is transmitting on this frequency to a coast station located in the vicinity of that port.
	2598	7 a.m. to 7 p.m., P.s.t., only.	2206	7 a.m. to 7 p.m., P.s.t., only.
	2522	Do.	2126	Do.

B. Part 8 is amended as follows:

1. The entry for Los Angeles-San Diego, California, in the table in § 8.354(a)(1) is amended to read as follows:

§ 8.354 Frequencies below 5000 kc for public correspondence.

(a) * * *

(1) * * *

For communication with coast stations located in the vicinity of—	Mobile station transmitting carrier frequency ¹		Associated coast station carrier frequency	
	Frequency (kc)	Specific limitations imposed upon availability for use ²	Frequency (kc)	Specific conditions relating to use of these frequencies by coast stations for transmission as shown in (7.306 (b) of this chapter. ²
Los Angeles-San Diego, Calif.	2009	None.	2566	None.
	2382	Available on condition that harmful interference is not caused to the service of any ship station which is within 300 nautical miles of New Orleans, La., and is transmitting on this frequency to a coast station located in the vicinity of that port.	2466	Available on condition that harmful interference is not caused to the service of any coast station located in the vicinity of Tampa, Fla., to which this carrier frequency is assigned for transmission.
	2206	7 a.m. to 7 p.m., P.s.t., only.	2598	7 a.m. to 7 p.m., P.s.t., only.
	2126	Do.	2522	Do.

[F.R. Doc. 60-5139; Filed, June 6, 1960; 8:48 a.m.]

Notices

ATOMIC ENERGY COMMISSION

[Docket No. 50-155]

CONSUMERS POWER CO.

Notice of Issuance of Construction Permit

Please take notice that the Atomic Energy Commission by an order of the Presiding Officer dated May 6, 1960, has issued Construction Permit No. CPPR-9, effective May 31, 1960, to Consumers Power Company. A public hearing on the issuance of the Construction Permit was held on March 29, 1960.

Dated at Germantown, Md., this 31st day of May 1960.

For the Atomic Energy Commission.

R. L. KIRK,
Deputy Director, Division of
Licensing and Regulation.

[F.R. Doc. 60-5100; Filed, June 6, 1960;
8:45 a.m.]

CIVIL AERONAUTICS BOARD

[Docket 5132 et al.]

REOPENED LARGE IRREGULAR AIR CARRIER INVESTIGATION

Notice of Hearing

In the matter of the qualification for supplemental-air-service authorization of Airline Transport Carriers, Inc., Argonaut Airways Corporation, Miami Airline, Inc., and World Wide Airlines, Inc.

Notice is hereby given, pursuant to the Federal Aviation Act of 1958, as amended, that hearing in the above-entitled proceeding is assigned to be held on June 14, 1960, at 10 a.m., in room 911, Universal Building, Connecticut and Florida Avenues NW., Washington, D.C., before Examiner Ralph L. Wiser, and is to be recessed for further hearing in Miami, Fla., and Los Angeles, Calif., at places and at times which shall be designated hereafter.

This is a reopened phase of the Large Irregular Air Carrier Investigation in which the record will be brought up to date with respect to the qualifications of Airline Transport Carriers, Inc., Argonaut Airways Corporation, Miami Airline, Inc., and World Wide Airlines, Inc., to perform supplemental air transportation. For further details of the issues involved in the proceeding, interested persons are referred to the applications as amended, the examiner's pre-hearing conference report and supplement thereto and notices to the parties, and the orders entered in the proceeding, all of which are on file with the Civil Aeronautics Board.

5002

Notice is further given that any person other than parties of record desiring to be heard in this proceeding should file with the Board on or before June 10, 1960, a statement setting forth the issues of fact or law raised by the proceeding on which he desires to be heard, and such person may appear and participate in the hearing in accordance with rule 14 of the Board's rules of practice in Economic Proceedings.

Dated at Washington, D.C., June 1, 1960.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 60-5132; Filed, June 6, 1960;
8:47 a.m.]

[Docket No. SA-354]

ACCIDENT OCCURRING NEAR CANNELTON, IND.

Notice of Reconvening of Hearing

In the matter of investigation of accident involving aircraft of United States Registry N 121US, which occurred on March 17, 1960, near Cannelton, Indiana.

Notice is hereby given that the hearing in the above styled matter will be reconvened for receiving in evidence certain exhibits that were not available at the original hearing. This hearing will commence on Wednesday, July 20, 1960, at 9:30 a.m. (local time) and will be held in the ballroom of the Hollywood Roosevelt Hotel, Hollywood, California.

Dated at Washington, D.C., June 1, 1960.

[SEAL] VAN R. O'BRIEN,
Hearing Officer.

[F.R. Doc. 60-5133; Filed, June 6, 1960;
8:47 a.m.]

[Docket 11096]

SEVEN SEAS AIRLINES, INC.; ENFORCEMENT PROCEEDING

Notice of Postponement of Hearing

Notice is hereby given, pursuant to the provisions of the Federal Aviation Act of 1958, as amended, that the hearing in the above-entitled proceeding, now assigned for June 7, 1960, is postponed to June 24, 1960, at 9:30 a.m., e.d.t., in Room 803, Universal Building, Washington, D.C. and to June 27, 1960, at 10:00 a.m., e.d.t., in the Army Reserve Building, 30 West 44th Street, New York, New York, before Examiner Russell A. Potter.

Dated at Washington, D.C., June 3, 1960.

[SEAL] FRANCIS W. BROWN,
Chief Examiner.

[F.R. Doc. 60-5183; Filed, June 6, 1960;
8:51 a.m.]

FEDERAL COMMUNICATIONS COMMISSION

[Docket No. 13535; FCC 60M-949]

AMERICAN TELEPHONE AND TELEGRAPH CO.

Order Scheduling Hearing

In the matter of American Telephone and Telegraph Company, Docket No. 13535; regulations and charges for switching and selecting equipment (common user group) for use with channels of telephone grade furnished for the remote operation of mobile radiotelephone systems and for channel terminals and terminal equipment in connection with Schedule 5 channels for data transmission. (Filed on behalf of the Lincoln-Tillamook Telephone Company.)

It is ordered, This 1st day of June 1960, that Thomas H. Donahue will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on July 19, 1960, in Washington, D.C.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5141; Filed, June 6, 1960;
8:48 a.m.]

[Docket No. 13385; FCC 60M-940]

ANTENNAVISION SERVICE CO., INC.

Order Continuing Hearing

In re applications of Antennavision Service Company, Inc., Phoenix, Arizona, Docket No. 13385; for construction permit for new fixed radio station at Oatman Mountain, Arizona, File No. 2984-C1-P-59 (KPK30); for construction permit for new fixed radio station at Telegraph Pass, Arizona, File No. 2985-C1-P-59 (KPK31).

The Hearing Examiner having under consideration an informal proposal for continuing the date of hearing;

It appearing that the hearing is now scheduled to commence on June 14, 1960, but that a conference was held on May 27, at which time all the parties, including counsel for the Broadcast and Common Carrier Bureaus, expressed themselves in favor of a continuance in order to permit the Commission to act on certain pending petitions, which action would be likely to have a profound influence on the course of the hearing; and

It further appearing that if circumstances should change so as to permit scheduling of the proceeding earlier than the date shown in the ordering

clause below the Examiner will advance the date of hearing;

It is ordered, This 31st day of May 1960, that the hearing is continued from June 14 to September 7, 1960.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5142; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13527; FCC 60M-947]

BABYLON-BAY SHORE BROADCAST- ING CORP. (WBAB)

Order Scheduling Hearing

In re application of Babylon-Bay Shore Broadcasting Corp. (WBAB), Babylon, New York, Docket No. 13527, File No. BP-12538; for construction permit.

It is ordered, This 1st day of June 1960, that Annie Neal Hunting will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on July 22, 1960, in Washington, D.C.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5143; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13308 etc.; FCC 60M-935]

BELOIT BROADCASTERS, INC. (WBEL) ET AL.

Order Continuing Hearing

In re applications of Beloit Broadcasters, Incorporated (WBEL), South Beloit, Illinois, Docket No. 13308, File No. BP-12101; Samuel A. Burk and Ralph J. Bitzer, d/b as Washington County Broadcasting Company, Washington, Iowa, Docket No. 13309, File No. BP-12118; Lloyd C. McKenney, tr/as Iola Broadcasting Company, Iola, Kansas, Docket No. 13311, File No. BP-12785; Heart of America Broadcasters, Inc. (KUDL), Kansas City, Missouri, Docket No. 13312, File No. BP-12879; Washington Home and Farm Radio, Inc., Washington, Iowa, Docket No. 13314, File No. BP-13159; for construction permits.

The Hearing Examiner having under consideration a joint motion to postpone hearing filed by the partnership doing business as Washington County Broadcasting Company and Washington Home and Farm Radio, Inc., on May 31, 1960;

It appearing that a hearing is now scheduled for June 2, 1960, on the comparative issues only and that the two applicants making this motion are the only ones concerned with this particular aspect of the case and;

It further appearing that these applicants represent the existence of steps

to secure a merger which would render the comparative issues moot; and

It further appearing that the Broadcast Bureau has consented to immediate consideration of the motion and a grant thereof; and

It further appearing that all parties have previously reached an understanding that the engineering portions of the proceeding would go forward at a further hearing to be held on June 20, at which time the merger question can also be dealt with;

It is ordered, This 31st day of May 1960, that the hearing now scheduled for June 2 is continued to June 20, 1960.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5144; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13480; FCC 60M-941]

EDWARD C. FRITZ, JR.

Order Continuing Hearing

In re application of Edward C. Fritz, Jr., Waukegan, Illinois, Docket No. 13480, File No. BPH-2861; for construction permit (FM).

The Hearing Examiner having under consideration the petition filed in the above-entitled proceeding on May 23, 1960, by Edward C. Fritz, Jr., requesting leave to amend and grant of his application as amended without hearing;

It appearing that jurisdiction over the said pleading insofar as leave to amend and acceptance of the amendment tendered therewith is sought rests in the Hearing Examiner pursuant to the provisions of section 0.231 of the Commission's rules and that jurisdiction over the relief otherwise requested is reserved to the Commission;

It further appearing that the said request to amend is unopposed and that good cause for a grant thereof is shown in that the proffered amendment more clearly sets forth in affidavit form matters affecting the financial qualifications of applicant and the participation of one Charles W. Kline in the instant proposal which are the matters at issue herein;

It is ordered, This 31st day of May 1960 that the said petition is granted insofar as leave to amend is requested, the amendment tendered therewith is accepted and the said petition insofar as grant of the application as amended without hearing is requested is respectfully referred to the Commission;

It is further ordered, On the Hearing Examiner's own motion, that the hearing herein presently scheduled to commence on June 27, 1960, is continued without date.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5145; Filed, June 6, 1960;
8:49 a.m.]

[Docket Nos. 13525, 13526; FCC 60M-946]

SIMON GELLER AND ASSOCIATED ENTERPRISES

Order Scheduling Hearing

In re application of Simon Geller, Gloucester, Massachusetts, Docket No. 13525, File No. BP-11667; Alan C. Tindal, Kristian Solberg, Paul Monson, and John J. Sullivan, d/b as Associated Enterprises, Brockton, Massachusetts, Docket No. 13526, File No. BP-11630; for construction permit.

It is ordered, This 1st day of June 1960, that Forest L. McClenning will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on July 22, 1960, in Washington, D.C.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5146; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13222 etc.; FCC 60-598]

MICHIGAN BROADCASTING CO. (WBCK) ET AL.

Memorandum Opinion and Order Amending Issues

In re application of Michigan Broadcasting Company (WBCK), Battle Creek, Michigan, et al., Docket No. 13222, et al., File No. BP-11439; for construction permits.

1. The Commission has before it for consideration (1) a petition to enlarge issues, filed November 18, 1959, by the Caba Broadcasting Corporation; (2) comments on petition, filed on December 7, 1959, by Edwin R. Fischer; (3) opposition to the petition, filed on December 7, 1959, by Charles R. Randolph, Farley W. Warner, Richard S. Cobb, and Mary Cobb, doing business as Catonsville Broadcasting Company; (4) opposition to the petition, filed December 9, 1959, by Rossmoyne Corporation; (5) opposition to Fischer's comments, filed December 10, 1959, by The Tidewater Broadcasting Company; (6) reply to petition, filed December 14, 1959, by the Broadcast Bureau; (7) reply to responses, filed December 28, 1959, by Caba Broadcasting Company.

2. Caba Broadcasting Corporation (Caba) filed an application for a new standard broadcast station for Baltimore, Maryland, which is mutually exclusive with the applications of Rossmoyne Corporation (Rossmoyne) for Lebanon, Pennsylvania, and of Catonsville Broadcasting Company (Catonsville) for Catonsville, Maryland. The application of Edwin R. Fischer (Fischer) for Newport News, Virginia, is mutually exclusive with the application for Smithfield, Virginia, filed by The Tidewater Broadcasting Company (Tidewater) and by East Virginia Broadcasting Company (East Virginia), respectively. All named applications were consolidated for hearing with certain other applications by

Order released on October 28, 1959 (FCC 59-1079). The proposals of each of the named applicants are also mutually exclusive, or have mutual interference problems, with several other proposals in the above-captioned proceeding. Caba requests enlargement of the issues to include a multiple ownership issue as to Rossmoyne and Catonsville, a standard comparative issue between Caba and Catonsville, and a financial issue as to Catonsville. Fischer requests a standard comparative issue between Fischer, East Virginia, and Tidewater.

MULTIPLE OWNERSHIP ISSUE

3. In its petition, Caba requests that the issues be enlarged by the addition of the following issue as to Rossmoyne:

To determine whether a grant of the application of Rossmoyne Corporation for Lebanon, Pennsylvania, would be consistent with the provisions of § 3.35¹ of the Commission's rules in view of the ownership by Rossmoyne of Station WCMB in Harrisburg, Pennsylvania, and the overlap of the primary service areas of the two stations which would result from a grant of the application.

In support of its request, Caba states that 9 percent of the population of 240,955 within the 2.0 mv/m contour of Rossmoyne's Station WCMB, and 39 percent of the population of 394,104 within the 0.5 mv/m contour of WCMB, would be affected by the overlap of the proposed Lebanon service area. As to Lebanon, it shows that 12 percent of the population of 179,603 in its 2.0 mv/m contour, and 35 percent of the population of 427,906 in its 0.5 mv/m contour, would be affected by the overlap of the WCMB primary service area.

4. Both Rossmoyne and the Broadcast Bureau oppose the addition of the requested issue because neither the proposal nor the existing station would furnish a 2 mv/m service to the principal community of the other and because the overlap of the 2 mv/m contours is small. Rossmoyne points out that the two communities are some 20 miles apart, in separate counties and separate metropolitan areas; that each community has separate marketing areas and distinct interests; that both the communities and the overlap area have available service from a multiplicity of mass communication media—radio, television and newspaper; that these facts were before the Commission at the time of its order of designation herein, and that no new or additional facts have been presented in Caba's petition.

5. We have held on numerous occasions that a problem under § 3.35 of our rules is not presented where, as here, the proposed operation and existing station would not provide primary service to the principal city of the other, where the cities involved are separate and distinct

communities, and where the overlap area is served by other media. Knorr Broadcasting Corp., 14 RR 925 (1958), Booth Broadcasting Co., 18 RR 934 (1959). Accordingly, Caba's request for an overlap issue as to Rossmoyne will be denied.

STANDARD COMPARATIVE ISSUE BETWEEN CABA AND CATONSVILLE

6. Caba also requests that the issues be enlarged by adding a standard comparative issue between Caba and Catonsville. Caba submits that Catonsville adjoins Baltimore; that Catonsville's population in 1950 was about 18,000 whereas Baltimore's population in that year was 950,000; that it will serve almost all of the area to be served by Catonsville; that the two proposed transmitter sites are only 8 miles apart; that each would provide a 2 mv/m or better signal over the other's community, and that in view of these circumstances a choice between the two communities may not be possible on 307(b) grounds alone, in which case a comparative evaluation would be required. To meet the contingency mentioned by Caba, Catonsville in its opposition expresses a belief that a comparative issue, contingent on the event that it is concluded that section 307(b) considerations are not applicable or controlling, should be added. The Broadcast Bureau opposes Caba's request because of the existence of other 307(b) as well as various interference problems among the numerous applicants consolidated in this multi-party proceeding, which must be resolved before comparative consideration could be given to the Caba and Catonsville applications. It also argues that the question whether Catonsville may be considered a separate community is admissible under the present issues.

7. The facts alleged in Caba's request and the Bureau's opposition are similar to those considered in our Memorandum Opinion and Order in Michigan Broadcasting Company (WBCN), released May 31, 1960 (FCC 60-599). For the reasons therein stated, issues like those adopted in that Memorandum will be added in the instant proceeding.²

MULTIPLE OWNERSHIP ISSUE AS TO CATONSVILLE

8. Caba also requests the addition of the following multiple ownership issue as to Catonsville:

To determine whether a grant of the application of Catonsville Broadcasting Company would be consistent with the provisions of § 3.35 of the rules relating to the multiple ownership of standard broadcast stations.

In support thereof, it states that Mary Cobb and her son, Richard S. Cobb (hereinafter referred to as "the Cobbs"),

² The term "service" as used in Issue 15, as herein amended, and in Issue 18 hereinafter adopted, means the service which, under our Rules, an applicant is required to provide to the community which it has designated in its application as the community it proposes to serve. Thus, if community A is the favored community under section 307(b), an applicant for community B will be considered comparatively with applicant for community A only if it meets all of the requirements of our Rules which applicants for community A are required to meet.

are each 25 percent partners in Catonsville, and that they also hold significant partnership interests in five other broadcasting companies which are either permittees or applicants for permits; that three of those stations are located from 30 to 140 miles from Catonsville; and that under the circumstances a question of undue concentration of control is raised. Catonsville and the Broadcast Bureau oppose the requested issue because of lack of showing of any overlap of the primary service contours of the several stations and proposals in which the Cobbs have interests. It is the Commission's view that the bare allegation that the applicant has other broadcast interests, without a showing as to any overlap of primary service area, present or proposed, does not warrant the addition of the requested multiple ownership issue, and this request, therefore, will be denied. See Knorr Broadcasting Corp., supra.

FINANCIAL QUALIFICATION ISSUE AS TO CATONSVILLE

9. Caba also requests an additional issue to determine whether Catonsville is financially qualified to construct and operate its proposed station because of the Cobbs' failure to show their ability to meet their financial commitments, particularly in view of their other broadcast commitments. It argues that the balance sheet accompanying the Catonsville application shows the total of current assets belonging to the Cobbs amount to about \$7,300 and that they have assumed financial commitments amounting to over \$7,500 in connection with various applications for radio stations, in addition to Catonsville. In opposition, Catonsville contends that there are more than sufficient funds available to cover the construction costs; that the wife of Richard S. Cobb, Catonsville's consulting engineer, agreed to forego indefinitely the payments for such services; that Farley W. Warner, one of Catonsville's four partners, has been functioning as its general counsel on an unsalaried basis; that special counsel to prosecute its application before the Commission were not retained until after receipt of the Commission's McFarland letter; and that, consequently, the actual pre-designation cash requirements for Catonsville have been less than \$1,000. Catonsville states that the other applications, in which the Cobbs are interested, have been handled on approximately the same basis during the pre-operational period. The Bureau agrees with Caba's request for the financial issue as to Catonsville, in view of the existence of sufficient doubt in the Cobbs' ability to meet their commitment for 50 percent of the hearing costs in that application, while they have extensive financial obligations with respect to other broadcast undertakings. Although Catonsville alleges certain later modifications to the partnership agreement, the Bureau points out that such changes (an agreement by the Cobbs' partners to underwrite all the expenses of special legal counsel) do not appear in the application.

¹ Section 3.35 provides in pertinent part as follows: "No license for a standard broadcast station shall be granted to any party . . . if (a) Such party . . . owns . . . another broadcast station, a substantial portion of whose primary service area would receive primary service from the station in question, except upon showing that public interest, convenience, and necessity will be served through such multiple ownership situation. . . ."

10. The Commission has considered the allegations and arguments advanced by the parties and concludes that Catonsville's financial commitments and arrangements, not part of its original proposal, warrant the addition of the financial issue. These are matters which could best be documented at the hearing, and made part of the record. Accordingly, Caba's request for an issue as to Catonsville's financial qualifications will be added.

COMPARATIVE ISSUE AS TO NEWPORT NEWS
AND SMITHFIELD

11. Fischer, an applicant for a new standard broadcast station at Newport News, Virginia, and a party in the consolidated proceeding, filed comments on that portion of Caba's petition which pertains to the addition of the standard comparative issue between Caba and Catonsville. Fischer's application is mutually exclusive with the application of Tidewater for a new station at Smithfield, Virginia.* Fischer believes that in view of the limited population of Smithfield (1950 population 1,180), Tidewater's application was filed solely in an attempt to obtain a section 307(b) advantage and, consequently, this section under the circumstances should not be controlling. Fischer contends that the transmitter site for his Newport News station is located on the Smithfield side of the James River, and will provide a 25 mv/m service to Smithfield. Similarly, the Smithfield applicant will provide primary service to Newport News and other parts of the Norfolk area. It requests, therefore, that if a comparative issue will be added as to Catonsville and Baltimore, such an issue also be added with respect to the Smithfield and Newport News applications, in the event it is determined that a choice among them cannot be based upon section 307(b) considerations or that this section is inapplicable under the circumstances. Tidewater and the Broadcast Bureau oppose Fischer's request as an untimely filed petition to enlarge the issues (filed on December 7, 1959, while the last day for filing petitions to enlarge issues was November 18, 1959). Tidewater also states that the grounds in Caba's petition with respect to Baltimore and Catonsville are entirely unrelated to the situation existing with regard to Newport News and Smithfield; that Caba's basic allegation is that Catonsville adjoins Baltimore and is a suburb of it, whereas Smithfield and Newport News are distant communities; that Fischer's reliance upon the fact that his transmitter site is located on the Smithfield side of the James River, is not well founded, because the proposed location of his main studios is in Newport News, whereas the Smithfield applicants propose main studios in Smithfield; and that Fischer's allegation that the Smithfield applicant designated that community "solely in an attempt to obtain a

section 307(b) advantage" is unsupported by any convincing factual showing.

12. It appears from their respective applications that Fischer and Tidewater would provide a 25 mv/m signal to the other's community. We have held that a determination under the 307(b) issue will not be dispositive of the question of which application is to be granted if the community selected as having the greater need would receive service not only from the applicant for that community, but also from applicants for communities which were not preferred under the 307(b) issue. Under such circumstances, the decision in *FCC v. Allentown Broadcasting Corp.*, 349 U.S. 358 (1955), requires a comparative consideration of the qualifications of the applicants which would provide service to the favored community. In view of the fact that each of these applicants might provide such service to the community of the other, an issue to determine this question, together with a contingent standard comparative issue, will be added. Although Fischer's petition was untimely filed, the Commission, in view of the requirements of Allentown, is adding these issues on its own motion.

Accordingly, it is ordered, This 25th day of May 1960, That the petition to enlarge issues, filed by Caba Broadcasting Corporation, on November 18, 1959, is granted to the extent noted above, and in all other respects is denied; that Issues 13 and 15 in this proceeding are amended to read as follows:

13. To determine in the light of their location and urban and industrial characteristics, and other relevant factors, whether Delphos, Ohio, and Lima, Ohio, and whether Baltimore, Maryland, and Catonsville, Maryland, are separate communities for the purpose of section 307(b) of the Communications Act of 1934, as amended.

15. To determine (a) if Delphos and Lima are separate communities, whether Citizens Broadcasting Company and Western Ohio Broadcasting Company will provide service to the community selected as having the greater need for a new facility; and (b) if Baltimore and Catonsville are separate communities, whether Caba Broadcasting Corporation and Catonsville Broadcasting Company will provide service to the community selected as having the greater need for a new facility.

It is further ordered, That the request for enlargement of issues, filed on December 7, 1959, by Edwin R. Fischer in his comments on Caba Broadcasting Corporation's petition to enlarge issues, is denied;

It is further ordered, By the Commission on its own motion, That the order, released on October 28, 1959 (FCC 59-1079), is amended by renumbering Issue 18 as Issue 22; and the issues are enlarged, by adding new Issues 18, 19, 20, and 21. Issues 18 to 21 shall accordingly read as follows:

18. To determine if (a) Baltimore and Catonsville are determined not to be separate communities, or (b) if they are separate communities and if it is determined that Caba Broadcasting Corporation and Catonsville Broadcasting Company would provide

service to the community determined to have the greater need for a new facility, which of the proposals of Caba Broadcasting Corporation and Catonsville Broadcasting Company would better serve the public interest in the light of evidence adduced pursuant to the foregoing issues and the record made with respect to significant differences between the applicants as to:

(1) The background and experience of each having a bearing on the applicant's ability to own and operate its proposed station.

(2) The proposal of each of the applicants with respect to the management and operation of the proposed station.

(3) The programming service proposed in each of said applications.

19. To determine whether Catonsville Broadcasting Company is financially qualified to construct and operate its proposed station for a reasonable period of time without operating revenue.

20. To determine, in the event Newport News, Virginia, or Smithfield, Virginia, is preferred under Issue 14, whether Edwin R. Fischer and Tidewater Broadcasting Company will provide service to the community selected as having the greater need for a new facility.

21. To determine, if Edwin R. Fischer and Tidewater Broadcasting Company would provide service to the community determined to have the greater need for a new facility, which of the proposals of these two applicants would better serve the public interest in the light of evidence adduced pursuant to the foregoing issues and the record made with respect to significant differences between the applicants as to:

(1) The background and experience of each having a bearing on the applicant's ability to own and operate its proposed station.

(2) The proposal of each of the applicants with respect to the management and operation of the proposed station.

(3) The programming service proposed in each of the said applications.

22. To determine, in the light of the evidence adduced pursuant to the foregoing issues, which, if any, of the instant applications should be granted.

Released: May 31, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5147; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 12870; FCC 60M-938]

NORTHEAST RADIO, INC. (WCAP)

Order Scheduling Prehearing
Conference

In re application of Northeast Radio, Inc. (WCAP), Lowell, Massachusetts, Docket No. 12870, File No. BP-12014; for construction permit.

The Hearing Examiner having under consideration a motion filed May 16, 1960, on behalf of Northeast Radio, Inc., requesting that a prehearing conference be held at 10:00 a.m., on June 13, 1960; and

It appearing that no opposition to the motion has been filed, and that a grant thereof will conduce to the orderly dispatch of the Commission's business; now therefore,

It is ordered, This 31st day of May 1960, that the aforesaid motion is granted, and that a prehearing confer-

*The application of East Virginia, with which Fischer's application was also mutually exclusive, was dismissed by Order released March 14, 1960 (FCC 60M-483).

ence will be held at 10:00 a.m., on June 13, 1960.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5148; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13538]

R. O'BRIEN & CO., INC.

Order To Show Cause

In the matter of R. O'Brien & Co., Inc., 34 Fish Pier, South Boston, Massachusetts, Docket No. 13538; order to show cause why there should not be revoked the license for radio station WB-5666 aboard the vessel "Thomas Whalen."

There being under consideration the matter of certain alleged violations of the Commission's rules in connection with the operation of the above-captioned station;

It appearing that pursuant to § 1.61 of the Commission's rules, written notice of violation of the Commission's rules was served upon the above-named licensee as follows:

Official Notice of Violation was mailed to the licensee on January 20, 1960, alleging that on January 3, 1960, at approximately 2311 GMT, the subject ship radio station was observed operating in violation of § 8.366(b)(2) of the Commission's rules in that said ship station transmitted on the 2738 kc intership radio-channel frequency without first establishing communication on the 2182 kc calling channel frequency;

It further appearing that the above-named licensee received said Official notice but did not make satisfactory reply thereto, whereupon the Commission, by letter dated March 2, 1960, and sent by Certified Mail, Return Receipt Requested (No. 777830), brought this matter to the attention of the licensee and requested that such licensee respond to the Commission's letter within fifteen days from the date of its receipt stating the measures which had been taken, or were being taken, in order to bring the operation of the radio station into compliance with the Commission's Rules, and warning the licensee that his failure to respond to such letter might result in the institution of proceedings for the revocation of the radio station license; and

It further appearing that receipt of the Commission's letter was acknowledged by the signature of the licensee's agent, B. F. Whalen, on March 7, 1960, to a Post Office Department return receipt; and

It further appearing that although more than fifteen days have elapsed since the licensee's receipt of the Commission's letter, no response was made thereto; and

It further appearing that in view of the foregoing, the licensee has repeatedly violated § 1.61 of the Commission's rules;

It is ordered, This 27th day of May 1960, pursuant to section 312 (a) (4) and (c) of the Communications Act of 1934,

as amended, and section 0.291(b) (8) of the Commission's Statement of Delegations of Authority, that the said licensee show cause why the license for the above-captioned Radio Station should not be revoked, and appear and give evidence in respect thereto at a hearing¹ to be held at a time and place to be specified by subsequent order; and

It is further ordered, That the Secretary send a copy of this order by Certified Mail—Return Receipt Requested to the said licensee.

Released: June 2, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,

[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5149; Filed, June 6, 1960;
8:49 a.m.]

[Docket No. 13394; FCC 60M-939]

OIL TRANSPORT CO., INC.

Memorandum Opinion and Order Continuing Hearing

In the matter of Oil Transport Co., Inc., 2837 Tchoupitoulas Street, New Orleans, Louisiana, Docket No. 13394; order to show cause why there should not be revoked the license for radio station WC-5908 aboard the vessel "Susan Houghland."

1. There is under consideration a motion for changes in dates previously prescribed in this proceeding filed with the Commission by the above-named licensee on May 27, 1960,² and a statement in response thereto filed by the Chief of

¹ Section 1.62 of the Commission's rules provides that a licensee, in order to avail himself of the opportunity to be heard, shall, in person or by his attorney, file with the Commission, within thirty days of the receipt of the order to show cause, a written statement stating that he will appear at the hearing and present evidence on the matter specified in the order. In the event it would not be possible for respondent to appear for hearing in the proceeding if scheduled to be held in Washington, D.C., he should advise the Commission of the reasons for such inability within five days of the receipt of this order. If the licensee fails to file an appearance within the time specified, the right to a hearing shall be deemed to have been waived. Where a hearing is waived, a written statement in mitigation or justification may be submitted within thirty days of the receipt of the order to show cause. If such statement contains, with particularity, factual allegations denying or justifying the facts upon which the show cause order is based, the Hearing Examiner may call upon the submitting party to furnish additional information, and shall request all opposing parties to file an answer to the written statement and/or additional information. The record will then be closed and an initial decision issued on the basis of such procedure. Where a hearing is waived and no written statement has been filed within the thirty days of the receipt of the order to show cause, the allegations of fact contained in the order to show cause will be deemed as correct and the sanctions specified in the order to show cause will be invoked.

² The document is dated May 24, 1960, and was sent by ordinary mail on that date, according to the certificate of service, but did not reach the Commission's offices until May 27th.

the Commission's Safety and Special Radio Services Bureau, the only other party to the proceeding, on the same date.

2. The motion, after reciting that respondent licensee has been directed to give notice by June 2, 1960 whether it desired to proceed by oral or written presentation or by waiver of hearing in accordance with § 1.62 of the Commission's rules, to mail to the Commission copies of all of its exhibits in rebuttal or extenuation by June 9, and to transmit copies of all such exhibits to the Hearing Examiner by June 12th, requests in the alternative either the indefinite postponement of these dates or the establishment of new dates "no sooner than fourteen days after respondent has been served with answers" to certain specified letters it wrote to the Commission. The respondent urges that in one of its letters to the Commission (dated May 10th) it suggested "the possibility of amicable adjustment of all issues herein" and in another (dated May 13th) it suggested adjustments and deletions in the proposed exhibits it received on May 13, 1960, from the Commission. Since its evidence will depend on the "as yet unexpressed attitude of the Commission," respondent having allegedly received no reply to this correspondence, it is not feasible, respondent asserts, to meet the deadlines previously established.

3. The Bureau's rejoinder is that while the Bureau does not object to granting the motion, since it believes "a bona fide error of understanding on the part of the Respondent has occurred," the Bureau had in fact responded to the letters on May 23d, and that the respondent's letters were "in fact extraneous to the feasibility of timely compliance by respondent with the Hearing Examiner's order of May 3, 1960." The question of "amicable adjustment," the Bureau asserts, has been raised and reiterated by the respondent heretofore and it is obviously impossible to reach such an agreement until the facts concerning the alleged violations, as well as any matters in extenuation, are made known by the respondent itself. On the question of the exhibits to which the respondent refers the Bureau points out, in substance, that there was no request by the examiner or the Bureau that the respondent agree to the admissibility thereof in advance of the hearing.³

³ The Hearing Examiner concurs with the Bureau's version on this. However, the possibility that the parties may yet agree to put in their respective cases entirely in written form, with the right to cross-examination waived, in the event for some reason the respondent does not desire to proceed under § 1.62(f) of the Commission's rules should be explored by the parties concerned. It is believed that a condition precedent to such an arrangement might be the elimination, also by agreement of the parties, of objectionable matter in the respective exhibits or perhaps by the submission of objections in writing. If the parties are able to reach specific and clear-cut agreements on such a procedure including the precise method whereby it could be implemented the Hearing Examiner's approval will be forthcoming.

4. It is by no means as clear to the Hearing Examiner as it appears to be to the Bureau that the present motion is the product of a "bona fide error of understanding" on the respondent's part. Respondent's counsel was clearly informed at the prehearing conference in this proceeding, which was held on May 2, 1960—on which occasion the procedures at issue were agreed upon and thereafter established by the Examiner's May 3d order—that the gravamen of the Show Cause Order is whether the respondent has repeatedly violated § 1.61 of the Commission's rules in failing to respond to notices of violation served upon it by the Commission (t. 2, 3). As a matter of fact, this much is quite plain from the Show Cause Order itself, which was released February 17, 1960. Indeed, the main, if not the only, purpose in scheduling a prehearing conference in this case was to ascertain or investigate whether there are any triable issues of fact in this proceeding in the first place, inasmuch as an admission by the respondent that it had received the notices of violation mentioned in the order to show cause might well reduce the entire case to an exploration of the justifications offered by the respondent for its failure to respond to Commission inquiries; and it was believed that the Bureau might be willing to accept such explanations as the respondent might wish to offer without requiring cross-examination of any witnesses. Under § 1.62(f) of the Commission's rules, a procedure is delineated which would allow for this and if that procedure could be followed in this case the Hearing Examiner thought that both the licensee concerned and the government could be spared the unnecessary expense of a formal hearing, whether in the field or in Washington, D.C. However, respondent's counsel stated at the prehearing conference that he could not "say that there are no issues of fact" since he did not know what the engineer at the monitoring station would testify to and, while the respondent admits it received the violation notice, "our man says that according to his recollection, he answered" (T. 4). On the basis of this declared uncertainty on respondent's counsel's part the procedure summarized in the order of the Hearing Examiner released May 3d was worked out. The Bureau for its part appears to have com-

plied fully—and prior to the deadline date of May 16th—by supplying respondent's counsel with copies of all exhibits it would offer into evidence at a formal hearing as part of its direct case. Presumably, at least, the respondent must now be aware of what the testimony of the engineer at the monitoring station would be. To show its bona fides in this matter it follows that the respondent must make timely reply in accordance with the agreements to which its own counsel subscribed at the prehearing conference.

5. In view of the fact, however, that the motion papers and the Bureau's response to the respondent's letters may have crossed in the mails and that the Bureau's response, together with the present statement of the Examiner's views, may serve to clear up any lingering uncertainties on the part of respondent or its counsel, the Hearing Examiner will extend the June 2d date, to enable the respondent to decide whether it wants to proceed by a formal hearing or by the procedure delineated by § 1.62 (f) of the Commission's rules, until June 16, 1960.⁵ In addition, the respondent will be required to furnish a copy of its own exhibits to the Bureau by no later than June 23, 1960, and at the same time to provide a copy thereof to the Hearing Examiner. If compliance with the June 23d deadline is not obtained respondent's exhibits will be subject to possible exclusion, on objection, at any formal hearing which may be held. The two dates herein prescribed are the dates on which the prescribed information is to be placed in the mails and the postmark will be considered conclusive if any question of timely compliance should arise.

6. Because of the changes in dates to be ordered hereinafter, the possibility that the parties may yet be able to evolve some sort of stipulation that would eliminate the necessity of holding a formal hearing in this case, and the presently crowded condition of the Hearing Examiner's calendar, the hearing which has been scheduled to commence on June 29, 1960, will be postponed to a date to be determined by a further order. In this connection, the Hearing Examiner reiterates his feeling that counsel for the respondent should now proceed promptly to comply with the new deadlines and that counsel for both parties should immediately thereafter leave no stone unturned to stipulate all unessentials out of this case with the goal in mind that the need for a formal, oral-type hearing may be eliminated.

Accordingly, it is ordered, This 31st day of May 1960, that the motion of the respondent for changes in dates prescribed in the Order of the Hearing Ex-

⁵ If the respondent should fail to comply with the direction that it notify the Bureau by June 16th on the matter mentioned in the text this will be construed as a decision by it not to waive a formal hearing in this proceeding. However, the Examiner feels in view of what has transpired to date, that the respondent should make its intentions known in writing either way.

aminer released May 3, 1960, is granted to the extent only that respondent is afforded until June 16, 1960, to mail a letter to the Chief of the Commission's Safety and Special Radio Services Bureau stating whether respondent desires to proceed by formal hearing or by the procedure set forth in § 1.62(f) of the Commission's rules, and until June 23, 1960, to mail copies to the Bureau and to the Hearing Examiner of all exhibits the respondent intends to present either in rebuttal of the charges in the order to show cause or in extenuation or mitigation thereof (irrespective of the method of procedure the respondent finally determines to pursue);

It is further ordered, That in all other respects the respondent's motion is denied;

It is further ordered, On the Hearing Examiner's own motion that the hearing in this proceeding now scheduled to commence on June 29, 1960, at the Commission's offices, Washington, D.C., is postponed to a date to be determined in a further order, after the deadline dates prescribed herein have been met.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5150; Filed, June 6, 1960;
8:50 a.m.]

[Docket Nos. 13528-13534; FCC 60M-948]

WASHINGTON BROADCASTING CO.
(WOL) ET AL.

Order Scheduling Hearing

In re applications of Washington Broadcasting Company (WOL), Washington, D.C., Docket No. 13528, File No. BP-12145; Delaware Broadcasting Company (WILM), Wilmington, Delaware, Docket No. 13529, File No. BP-12250; WDAD, Inc. (WDAD), Indiana, Pennsylvania, Docket No. 13530, File No. BP-12455; Centre Broadcasters, Inc., (WMAJ), State College, Pennsylvania, Docket No. 13531, File No. BP-12463; Sky-Park Broadcasting Corporation (WFTR), Front Royal, Virginia, Docket No. 13532, File No. BP-12624; Miners Broadcasting Service, Inc. (WPAM), Pottsville, Pennsylvania, Docket No. 13533, File No. BP-13197; Cumberland Valley Broadcasting Corporation (WTBO), Cumberland, Maryland, Docket No. 13534, File No. BP-13471; for construction permits.

It is ordered, This 1st day of June 1960, that Thomas H. Donahue will preside at the hearing in the above-entitled proceeding which is hereby scheduled to commence on September 6, 1960, in Washington, D.C.

Released: June 1, 1960.

FEDERAL COMMUNICATIONS
COMMISSION,
[SEAL] BEN F. WAPLE,
Acting Secretary.

[F.R. Doc. 60-5151; Filed, June 6, 1960;
8:50 a.m.]

⁴ Section 1.62(f) provides: "Where a hearing is waived, a written statement in mitigation or justification may be submitted within 30 days of the receipt of the order to show cause or within such shorter period of time as may be specified therein. The Hearing Examiner may, if the statement contains, with particularity, factual allegations denying or, in the Hearing Examiner's opinion, justifying the facts upon which the show cause order is based, call upon the submitting party to furnish additional information, and the Hearing Examiner shall request all opposing parties to file an answer to the written statement and/or additional information. The Hearing Examiner will then, unless he orders that further pleadings be filed, close the record and issue, on basis of the procedure delineated in this paragraph, an initial decision."

FEDERAL POWER COMMISSION

[Docket No. G-17350 etc.]

PACIFIC GAS TRANSMISSION CO., ET AL.

Notice of Postponement of Oral Argument

JUNE 1, 1960.

Pacific Gas Transmission Company, Docket Nos. G-17350, G-17351 and G-17352; El Paso Natural Gas Company, Docket Nos. G-17902 and G-18033; The Montana Power Company, Docket Nos. G-17370 and G-17371.

Take notice that the oral argument in the above-designated matters now scheduled for June 21, 1960, is hereby postponed to July 6, 1960, at 10:00 a.m., e.d.s.t., in a hearing room of the Federal Power Commission, 441 G Street NW., Washington, D.C.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 60-5124; Filed, June 6, 1960;
8:46 a.m.]

[Docket No. G-19086 etc.]

PEOPLES GULF COAST NATURAL GAS PIPELINE CO., ET AL.

Order Waiving Intermediate Decision Procedure and Fixing Date of Oral Argument

JUNE 1, 1960.

Peoples Gulf Coast Natural Gas Pipeline Company and Natural Gas Pipeline Company of America, Docket No. G-19086; Hassie Hunt Trust, Operator, et al., Docket No. G-19115; H. L. Hunt, Operator, et al., Docket No. G-19116; Hunt Oil Company, Docket No. G-19117; William Herbert Hunt Trust Estate, Operator, Docket No. G-19118; Lamar Hunt Trust Estate, Docket No. G-19119; George W. Graham, Inc., Operator, et al., Docket No. G-19123; Placid Oil Company, Operator, et al., Docket Nos. G-19124, G-19125; Natural Gas Pipeline Company of America, Docket No. G-20202; Iowa Southern Utilities Company, Docket No. G-20313; Missouri Utilities Company, Docket No. G-20335; City of Corning, Iowa, Docket No. G-20591; Iowa-Illinois Gas and Electric Company, Docket No. G-20593; Lateral Gas Pipeline Company, Docket No. GP60-42; Iowa Electric Light and Power Company, Docket No. CP60-43; Iowa Power and Light Company, Docket No. CP60-48.

On May 20, 1960, at the conclusion of the hearing in the above-captioned proceedings, counsel for Peoples Gulf Coast Natural Gas Pipeline Company (Peoples Gulf Coast) and Natural Gas Pipeline Company of America (Natural) moved on the record that the intermediate decision procedure be waived.

By the proposals set forth in their applications both Peoples Gulf Coast and Natural plan to construct substantial pipeline facilities and lay considerable

pipe in order to expand the capacities of their respective pipelines.

In support of the motion for waiver, Applicants counsel stated that in order to have the proposed facilities in operation by November 1, 1960, for the next winter heating season, it would be necessary to commence construction no later than July 1, 1960, and to commit for critical materials prior to that time. Counsel further indicated that its gas purchase contracts, involved in these proceedings, are subject to cancellation if a certificate has not issued to and been accepted by Peoples Gulf Coast on July 1, 1960. The producer applicants in these proceedings supported the motion stating that they were suffering severe drainage which makes it necessary for them to immediately begin the sale of gas.

The motion was unopposed by any party to the proceedings. The City of Chicago, Fuels Research Council, Inc., et al., and Staff counsel took no position with respect to the motion.

As we have indicated many times in the past, it is our intention to expedite the handling and disposition of certificate applications in which the expansion of service to areas in need of natural gas is sought. We further recognize the hardship which may be suffered by the independent producers who must await Commission action prior to the delivery of their product into interstate commerce. The Commission considers that good cause has been shown for waiving the intermediate decision procedure and for allowing oral argument before the Commission.

The Commission finds:

(1) The due and timely execution of the Commission's functions imperatively and unavoidably requires the omission of the intermediate decision procedure.

(2) Good cause has been shown for waiving the intermediate decision procedure and for allowing oral argument before the Commission at the time hereinafter fixed.

The Commission orders:

(A) The intermediate decision procedure in the above-entitled proceedings is hereby waived.

(B) The time fixed by the presiding examiner for the filing of briefs is hereby adopted.

(C) Oral argument shall be held before the Commission on July 8, 1960, at 10:00 a.m., e.d.s.t., in a hearing room of the Federal Power Commission, 441 G Street, NW., Washington, D.C. All parties intending to participate in the oral argument shall notify the Secretary of the Commission in writing on or before June 17, 1960, of such intention and of the length of time requested for presentation of their arguments. Parties having common interests should present their arguments by one representative.

By the Commission.

JOSEPH H. GUTRIDE,
Secretary.

[F.R. Doc. 60-5125; Filed, June 6, 1960;
8:46 a.m.]

TARIFF COMMISSION

[337-D-21]

CERTAIN WOVEN MATS

Notice of Dismissal of Complaint

After preliminary inquiry in accordance with § 203.3 of its rules of practice and procedure (19 CFR 203.3) the United States Tariff Commission, on May 23, 1960, dismissed the complaint filed under section 337 of the Tariff Act of 1930, as amended (19 U.S.C. 1337) by the Chicago Weaving Corporation of Chicago, Illinois. That complaint alleged unfair methods of competition and unfair acts in the importation and sale in the United States of certain woven mats. (Notice that the complaint had been received and that a preliminary inquiry had been instituted was published in 24 F.R. 10723.)

The preliminary inquiry did not disclose to the Commission a prima facie case of substantial injury to a domestic industry resulting from the importations or sales in question. A substantial decline in sales, by domestic producers, of woven mats of the kind or class to which complainant's patent relates, began before there were any imports of such mats, and their sales of such mats in 1959 were less than in 1958 by a quantity equal to approximately three times the quantity of imports in 1959. Two firms that imported and sold woven mats allegedly made in accordance with the invention disclosed in the patent were named in the complaint, and one additional firm that imported and sold mats of the class or kind to which the patent relates was discovered during the preliminary inquiry. Importations and sales of the mats by these firms were in limited quantities, and the three firms have advised the Commission that they have no intention of engaging hereafter in importations and sales of the allegedly offending mats.

By order of the Commission.

Issued June 2, 1960.

[SEAL] DONN N. BENT,
Secretary.

[F.R. Doc. 60-5129; Filed, June 6, 1960;
8:47 a.m.]

SECURITIES AND EXCHANGE COMMISSION

[File No. 24SF-2639]

AUTO LUBE, INC.

Order Temporarily Suspending Exemption, Statement of Reasons Therefor, and Notice of Opportunity for Hearing

JUNE 1, 1960.

I. Auto Lube, Inc. (issuer), a Nevada corporation, 8 East Charleston Boulevard, Las Vegas, Nevada, filed with the Commission on August 13, 1959 a notification on Form 1-A and an offering

circular relating to an offering of 250,000 shares of its \$1 par value common stock at \$1 per share for an aggregate of \$250,000 for the purpose of obtaining an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to the provisions of section 3(b) and Regulation A promulgated thereunder.

II. The Commission has reasonable cause to believe that the issuer has violated Rule 261(a) (7) of Regulation A in that the issuer has failed to cooperate with the Commission in connection with its proposed offering to be made hereunder.

III. It is ordered, Pursuant to Rule 261(a) of the general rules and regulations under the Securities Act of 1933, as amended, that the exemption under Regulation A be, and it hereby is, temporarily suspended.

Notice is hereby given that any person having any interest in the matter may file with the Secretary of the Commission a written request for hearing within thirty days after the entry of this order; that within twenty days after receipt of such request the Commission will, or at any time upon its own motion may, set the matter down for hearing at a place to be designated by the Commission, for the purpose of determining whether this order of suspension should be vacated or made permanent, without prejudice, however, to the consideration and presentation of additional matters at the hearing; that if no hearing is requested and none is ordered by the Commission, this order shall become permanent on the thirtieth day after its entry and shall remain in effect unless or until it is modified or vacated by the Commission; and that notice of the time and place for any hearing will be promptly given by the Commission.

By the Commission.

[SEAL] ORVAL L. DUBOIS,
Secretary.

[F.R. Doc. 60-5115; Filed, June 6, 1960;
8:45 a.m.]

HOUSING AND HOME FINANCE AGENCY

Office of the Administrator

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, RE- GION IV (CHICAGO)

Redelegation of Authority With Re- spect to Housing for Educational Institutions

The Regional Director of Community Facilities Activities, Region IV (Chicago), with respect to the program of loans for housing for educational institutions authorized under Title IV of the Housing Act of 1950, as amended (64 Stat. 77, as amended, 12 U.S.C. 1749-1749c), is hereby authorized within such Region:

1. To execute loan agreements involving loans for student and/or faculty housing and/or dining facilities, and to

amend or modify any such loan agreement;

2. To execute any loan agreement under the program in the amount approved by the Community Facilities Commissioner, and to amend or modify any such loan agreement.

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective April 9, 1960 (25 F.R. 3090, April 9, 1960, as corrected 25 F.R. 3198, April 13, 1960)).

Effective as of the 7th day of June 1960.

[SEAL] JOHN P. MCCOLLUM,
Regional Administrator, Region IV.

[F.R. Doc. 60-5119; Filed, June 6, 1960;
8:46 a.m.]

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, RE- GION IV (CHICAGO)

Redelegation of Authority With Respect to Public Facility Loans

The Regional Director of Community Facilities Activities, Region IV (Chicago), with respect to the public facility loans program authorized under section 202 of Public Law 345, 84th Congress, as amended (69 Stat. 643, as amended, 42 U.S.C. 1492), is hereby authorized within such Region:

1. To enter into contracts with public agencies involving loans for essential public works or facilities in amounts not exceeding \$250,000, and to amend or modify any such contract provided that such amendment or modification does not increase the Federal loan beyond \$275,000;

2. To enter into contracts with public agencies for loans for such public works or facilities in amounts approved by the Community Facilities Commissioner, and to amend or modify any such contract provided that such amendment or modification does not increase the amount of the Federal loan approved by the Commissioner by more than \$25,000 or 10 percent, whichever is the lesser.

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective April 9, 1960 (25 F.R. 3090, April 9, 1960)).

Effective as of the 7th day of June 1960.

[SEAL] JOHN P. MCCOLLUM,
Regional Administrator, Region IV.

[F.R. Doc. 60-5120; Filed, June 6, 1960;
8:46 a.m.]

REGIONAL DIRECTOR OF COMMUNITY FACILITIES ACTIVITIES, RE- GION IV (CHICAGO)

Redelegation of Authority With Respect to Public Works Planning

The Regional Director of Community Facilities Activities, Region IV (Chicago), with respect to the program of advances for public works planning authorized under section 702 of the Housing Act of 1954 (68 Stat. 641), as amend-

ed by section 112 of the Housing Amendments of 1955 (69 Stat. 641), 40 U.S.C. 462, is hereby authorized within such Region:

1. To execute offers to public agencies for planning projects involving advances in amounts not exceeding \$30,000 per project, and to amend or modify contracts resulting from the acceptance of such offers provided that such amendments or modifications do not increase the Federal advances for any project beyond \$30,000;

2. To execute offers to public agencies in amounts approved by the Community Facilities Commissioner for planning projects involving advances in excess of \$30,000, and to amend or modify contracts resulting from the acceptance of such offers, except that any amendment or modification involving a substantial increase in the scope of a project or an increase in the amount of the Federal advance shall not be executed without the prior approval of the Community Facilities Commissioner;

3. To approve the planning data submitted by public agencies in accordance with contracts resulting from acceptance of offers under subparagraphs 1 or 2 above;

4. To authorize payments under any contracts resulting from acceptance of offers under subparagraphs 1 or 2 above.

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation effective April 9, 1960 (25 F.R. 3090, April 9, 1960)).

Effective as of the 7th day of June 1960.

[SEAL] JOHN P. MCCOLLUM,
Regional Administrator, Region IV.

[F.R. Doc. 60-5121; Filed, June 6, 1960;
8:46 a.m.]

REGIONAL DIRECTOR OF URBAN RE- NEWAL, REGION IV (CHICAGO)

Redelegation of Authority With Re- spect to Slum Clearance and Urban Renewal Program, Demonstration Grant Program, and Urban Plan- ning Grant Program

The Regional Director of Urban Renewal, Region IV (Chicago), Housing and Home Finance Agency, is hereby authorized within such Region to exercise all the authority delegated to the Regional Administrator by the Housing and Home Finance Administrator's delegation of authority effective December 23, 1954 (20 F.R. 428, Jan. 19, 1955), as amended, with respect to the slum clearance and urban renewal program authorized under Title I of the Housing Act of 1949, as amended (63 Stat. 414-421, as amended, 42 U.S.C. 1450-1460), and under section 312 of the Housing Act of 1954 (68 Stat. 629, 42 U.S.C. 1450 note), with respect to the demonstration grant program authorized under section 314 of the Housing Act of 1954 (68 Stat. 629, 42 U.S.C. 1452a), and with respect to the urban planning grant program authorized under section 701 of the Housing Act of 1954, as amended (68 Stat. 640, as amended, 40

U.S.C. 461), except those authorities which under paragraph 5 of such delegation may not be redelegated.

This redelegation supersedes the redelegations effective December 19, 1959 (24 F.R. 10315, December 19, 1959) and October 27, 1955 (20 F.R. 8678, November 24, 1955).

(62 Stat. 1283 (1948), as amended by 64 Stat. 80 (1950), 12 U.S.C. 1701c; Housing and Home Finance Administrator's delegation, as amended)

Effective as of the 7th day of June 1960.

[SEAL] JOHN P. MCCOLLUM,
Regional Administrator, Region IV.

[F.R. Doc. 60-5122; Filed, June 6, 1960;
8:46 a.m.]

INTERSTATE COMMERCE COMMISSION

FOURTH SECTION APPLICATIONS FOR RELIEF

JUNE 2, 1960.

Protests to the granting of an application must be prepared in accordance with Rule 40 of the general rules of practice (49 CFR 1.40) and filed within 15 days from the date of publication of this notice in the FEDERAL REGISTER.

LONG-AND-SHORT HAUL

FSA No. 36288: *Cinders—Strawn, Tex., to Memphis, Tenn., and Vicksburg, Miss.* Filed by Southwestern Freight Bureau, Agent (No. B-7815), for interested rail carriers. Rates on coal cinders, in carloads, from Strawn, Tex., to Memphis, Tenn., and Vicksburg, Miss.

Grounds for relief: Market competition.

Tariff: Supplement 60 to Southwestern Freight Bureau tariff I.C.C. 4319.

FSA No. 36289: *Asphalt, returned, from points in Central Territory.* Filed by Traffic Executive Association-Eastern Railroads, Agent (ER No. 2544), for interested rail carriers. Rates on asphalt (asphaltum), natural, by-product, or petroleum, other than paint, stain or varnish, in tank-car loads, from points in New York, Ohio, Pennsylvania and West Virginia, to points in Delaware, Maryland, Massachusetts, New Jersey, New York, Pennsylvania, Rhode Island, and Virginia.

Grounds for relief: Carrier competition.

Tariff: Supplement 12 to Traffic Executive Association-Eastern Railroads tariff I.C.C. 4780.

FSA No. 36290: *Substituted service—Wabash for Great American Transport, Inc., et al.* Filed by Middlewest Motor Freight Bureau, Agent (No. 244), for interested carriers. Rates on property loaded in highway trailers and transported on railroad flat cars between Kansas City, Mo., on the one hand, and Chicago, Ill., Detroit, Mich., and Buffalo, N.Y., on the other, on traffic originating at or destined to such points or points beyond as described in the application.

Grounds for relief: Motor-truck competition.

Tariff: Supplement 132 to Middlewest Motor Freight Bureau tariff MF-I.C.C. 223.

FSA No. 36291: *Class rates—Sea-Land Service, Inc.* Filed by Sea-Land Service, Inc. (No. 23), for itself and interested motor carriers. Rates on various commodities moving on less-than-truckload class rates loaded in trailers and transported over water, joint motor-water, water-motor and motor-water-motor routes of applicant motor carriers and Sea-Land Service, Inc., between points in

Connecticut, Delaware, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont, on the one hand, and points in Florida, on the other.

Grounds for relief: Freight forwarder competition.

Tariff: Sea-Land Service, Inc., tariff I.C.C. 2.

FSA No. 36292: *Substituted service—CRI&P for Spector Freight System, Inc.* Filed by Middlewest Motor Freight Bureau, Agent (No. 242), for interested carriers. Rates on property loaded in highway trailers and transported on railroad flat cars between Kansas City (Armourdale), Kans., and Wichita, Kans., on traffic originating at or destined to such points or points beyond as described in the application.

Grounds for relief: Motor-truck competition.

Tariff: Supplement 132 to Middlewest Motor Freight Bureau tariff MF-I.C.C. 223.

FSA No. 36293: *Substituted service—C&NW for Bos Lines, Inc., et al.* Filed by Middlewest Motor Freight Bureau, Agent (No. 245), for interested carriers. Rates on property loaded in highway trailers and transported on railroad flat cars between Chicago, Ill., and Des Moines, Iowa, on traffic originating at or destined to such points or points beyond as described in the application.

Grounds for relief: Motor-truck competition.

Tariff: Supplement 133 to Middlewest Motor Freight Bureau tariff MF-I.C.C. 223.

By the Commission.

[SEAL] HAROLD D. MCCOY,
Secretary.

[F.R. Doc. 60-5123; Filed, June 6, 1960;
8:46 a.m.]

CUMULATIVE CODIFICATION GUIDE—JUNE

The following numerical guide is a list of the parts of each title of the Code of Federal Regulations affected by documents published to date during June.

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Announcement

CFR SUPPLEMENTS

(As of January 1, 1960)

The following Supplements are now available:

Title 7, Part 960 to End-----	\$2.50
Title 14, Parts 1-39-----	\$0.65
Title 15-----	\$1.25

Previously announced: Title 3 (\$0.60); Titles 4-5 (\$1.00); Title 7, Parts 1-50 (\$0.45); Parts 51-52 (\$0.45); Parts 53-209 (\$0.40); Parts 210-399, Revised (\$4.00); Parts 900-959 (\$1.50); Title 8 (\$0.40); Title 9 (\$0.35); Titles 10-13 (\$0.50); Title 18 (\$0.55); Title 19 (\$1.00); Title 20 (\$1.25); Title 21 (\$1.50); Titles 22-23 (\$0.45); Title 24 (\$0.45); Title 25 (\$0.45); Title 26 (1939), Parts 1-79 (\$0.40); Parts 80-169 (\$0.35); Parts 170-182 (\$0.35); Parts 300 to End (\$0.40); Title 26, Part 1 (\$1.01-1.499) (\$1.75); Parts 1 (\$1.500 to End)-19 (\$2.25); Parts 20-169 (\$1.75); Parts 170-221 (\$2.25); Part 300 to End (\$1.25); Titles 28-29 (\$1.75); Titles 30-31 (\$0.50); Title 32, Parts 1-399 (\$2.00); Parts 400-699 (\$2.00); Parts 700-799 (\$1.00); Parts 800-999, Revised (\$3.75); Part 1100 to End (\$0.60); Title 33 (\$1.75); Title 35, Revised (\$3.50); Title 36, Revised (\$3.00); Title 37, Revised (\$3.50); Title 38 (\$1.00); Title 39 (\$1.50); Title 42, Revised (\$4.00); Title 43 (\$1.00); Title 46, Parts 1-145 (\$1.00); Parts 146-149, Revised (\$6.00); Part 150 to End (\$0.65); Title 47, Parts 1-29 (\$1.00); Part 30 to End (\$0.30); Title 49, Parts 1-70 (\$1.75); Parts 71-90 (\$1.00); Parts 91-164 (\$0.45); Part 165 to End (\$1.00); Title 50 (\$0.70).

Order from the Superintendent of Documents, Government Printing Office, Washington 25, D.C.



Telephone WOwh 3-3261

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PART II



Washington, Tuesday, June 7, 1960

Uniform System of
Accounts for
Public Utilities and Licensees

Title 18—CONSERVATION
OF POWER

Chapter I—Federal Power
Commission

SUBCHAPTER C—ACCOUNTS, FEDERAL POWER
ACT

[Order No. 218; Docket No. R-173]

PART 101—UNIFORM SYSTEM OF
ACCOUNTS PRESCRIBED FOR CLASS
A AND CLASS B PUBLIC UTILITIES
AND LICENSEES

This Commission has under consideration in this proceeding the revision of its Uniform System of Accounts Prescribed for Class A and Class B Public Utilities and Licensees, Part 101, Chapter I, Title 18, Code of Federal Regulations (CFR). That System of Accounts, as revised, is prescribed hereinafter to become effective January 1, 1961.

Part 101, §§ 101.02-1—101.905, corresponds to, and appears at pp. 4-145 of the Commission's pamphlet publication of its Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, effective January 1, 1937, revised to September 1, 1957, as amended by Order No. 204 issued May 29, 1958 (23 F.R. 4160, June 12, 1958).² The System of Accounts, as revised and prescribed hereinafter, follows the numbering system (accounts, instructions, definitions, etc.) used in the Commission's pamphlet edition, referred to above.

Important developments in the electric power industry since the adoption of the Uniform System of Accounts effective January 1, 1937, and the Commission's experience over the intervening 23 years, indicated the need for a revision of the System of Accounts. Accordingly, this proceeding was commenced by Notice of Proposed Rulemaking served upon interested parties,

¹ The Uniform System of Accounts effective January 1, 1937, was prescribed by Commission Order No. 42 dated June 16, 1936 (1 F.R. 691, July 1, 1936); and was contained in the codification and reissuance of the Commission's general rules promulgated by Commission Order No. 141, December 11, 1947, effective January 1, 1948 (12 F.R. 8461).

² Also see Order No. 216 issued October 22, 1959 (24 F.R. 8790, October 29, 1959).

including State and Federal regulatory agencies, and by publication in the FEDERAL REGISTER on May 14, 1959 (24 F.R. 3905). Copies of a proposed revised System of Accounts were served and published as a part of that general notice.

Generally speaking, the revisions of the Commission's System of Accounts, as then proposed, are prescribed hereinafter as a part of the Commission's System of Accounts to become effective January 1, 1961. Additional revisions and modifications of those previously proposed, are detailed hereinafter.

Overall, the more significant changes and improvements to be found in the revised System of Accounts prescribed herein are as follows:

(a) Redefinition of size classifications of electric utilities to permit more simplified accounting requirements for smaller utilities;

(b) Inclusion of accounts for nuclear power plant operations;

(c) Improvement and clarification of account texts and instructions, lessening of special filing requirements for certain subject matters, provision of certain needed new instructions, simplification of account numbering;

(d) Rearrangement of balance sheet and certain other accounts to make them more informative;

(e) Reduction in the number of expense account classifications, mainly, but not entirely, by the discontinuance of segregations of functional accounts as to labor and other expenses;

(f) Expansion of items lists of account texts and clearer description of such items according to their functional nature, to facilitate use and consistency of respective account classifications;

(g) Restatements of the accounting aspects of certain accounting interpretations issued in the past.

None of these changes affect, adversely, the basic principles, generally, of the Commission's existing System of Accounts. They remain undisturbed.

In recommending the form of revised System of Accounts accompanying the Notice of Proposed Rulemaking in this proceeding, the staff of this Commission correlated its activities with the activities of the National Association of Railroad and Utility Commissioners (NARUC) which has recently prepared a revised form of the NARUC's Uniform System of Accounts for Class A and

Class B Electric Utilities. This was done to promote continued consistency and uniformity of approach to the common problems with which the two accounting systems are concerned; and to assure a minimum amount of deviation where the two accounting systems do differ. The staff's activities in this regard were undertaken mainly with the Committee on Statistics and Accounts of the NARUC.

Subsequent to the general public notice of rulemaking in this proceeding on May 14, 1959,³ comments and suggestions were filed by the following classes of respondents:

State Public Service Commissions (Missouri, New York).....	2
State Auditor (Washington).....	1
Municipality (Colorado Springs).....	1
Electric Utilities.....	29
Utility Service Companies.....	2
Public Accounting Firms.....	4
Accounting Professional Societies.....	2
Legal Firms.....	2

Total..... 43

These comments, criticisms, and suggestions covered a wide spectrum. Some respondents objected to any general revision of the effective System of Accounts as unnecessary, expensive, and time consuming. Also, issue was taken with some definitions of basic terms. Other respondents urged basic changes in the accounting requirements for income taxes and other matters contrary to settled Commission policy and decisions. Objections were made to the specificity of the records requirements for depreciation and certain other accounts. Some respondents further suggested that this Commission completely abandon its cost accounting policies in favor of a fair value concept of depreciation.

In reviewing all of the responses, the staff of this Commission again correlated its activities with those of the NARUC Committee on Statistics and Accounts at a conference held December 8, 9, and 10, 1959. Thereafter, the staff presented its recommendations in this matter to the Commission. The staff

³ All parties were given to and including June 19, 1959, later extended to and including September 30, 1959 (24 F.R. 5001, June 19, 1959), to submit data, views, and comments in writing concerning the aforesaid proposed revisions in the Commission's then effective Uniform System of Accounts.

recommends Commission adoption of the revised System of Accounts as proposed in the Notice of Proposed Rulemaking initiating this proceeding with the following further revisions or modifications (page citations are to Volume 24 of the FEDERAL REGISTER, issue of May 14, 1959):

Page 3907: Definition 28, "Retirement Units": Change word "utility" in the next to last line of text to "electric".

Pages 3907-08: General Instruction 3, Numbering System: Delete present paragraph C. Substitute the following revision:

C. The numbers prefixed to account titles are to be considered as parts of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (see also General Instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

Pages 3908-09: Electric Plant Instruction 1. Classification of Electric Plant at Effective Date of System of Accounts: In paragraph C, third sentence, add word "if" after phrase "contributions in aid of construction". Sentence will then read " * * * provisions for depreciation and amortization and contributions in aid of construction if recorded by the accounting utility * * * "

Page 3910: Electric Plant Instruction 5. Electric Plant Purchased or Sold: De-

lete present paragraph B(4). Substitute the following revision:

(4) The amount of contributions in aid of construction applicable to the property acquired, shall be charged to account 102, Electric Plant Purchased or Sold, and concurrently credited to account 271, Contributions in Aid of Construction, unless otherwise authorized by the Commission.

Page 3911: *Electric Plant Instruction 7. Land and Land Rights:* Change item 3 of Paragraph I to read:

3. Clearing (first cost) the land of brush, trees, and debris, except in the case of account 332, Reservoirs, Dams and Waterways, and Account 351 (Transmission Plant), Clearing Land and Rights of Way.

Page 3912: *Electric Plant Instruction 9. Equipment:* Paragraph B, fourth line change "\$50 or less)" to read "(for example, \$50 or less)".

Page 3913: *Electric Plant Instruction 11. Work Order and Property Record System Required:* Change paragraph C to read:

C. Each utility shall maintain records in which, for each plant account, the amount of the annual additions and retirements, subsequent to the effective date of this system of accounts, are classified so as to show the number and cost of the various record units or retirement units.

Page 3914: *Operating Expense Instruction 3. Rents:* Delete note following paragraph D.

Page 3915: *Balance Sheet Accounts:* Change title of Account 151 to "Fuel Stock."

Change title of Account 152 to "Fuel Stock Expenses Undistributed."

Change title of Account 163 to "Stores Expense Undistributed."

Change title of reference 11 to "Accumulated Deferred Income Taxes."

Change title of Account 281 to "Accumulated Deferred Income Taxes—Accumulated Amortization."

Change title of Account 282 to "Accumulated Deferred Income Taxes—Liberalized Depreciation."

Change title of Account 283 to "Accumulated Deferred Income Taxes—Other."

shall debits in excess of accumulated credits from the retirement of stock be charged to account 210."

Page 3924: 11. *Accumulated Deferred Taxes on Income:* Change title to "Accumulated Deferred Income Taxes" and delete the first paragraph. Per Commission Order No. 216, issued October 22, 1959, substitute the following revision:

Public utilities and licensees shall use the accounts provided below for prior accumulations of deferred taxes on income and for additional provisions. A copy of the order or other authorization to practice deferred tax accounting of the state public service commission also having jurisdiction shall be filed with the Commission, or, in the absence of a state public service commission having accounting jurisdiction, the public utility or licensee shall file with this Commission a copy of its plan of accounting for deferred taxes on income. The filing of such order or other authorization, or accounting plan, shall constitute permission for additional accumulations of deferred taxes on income. Account 283 is provided for use of those public utilities and licensees which have obtained permission of the Commission for specific types of deferrals on taxes on income other than with respect to accelerated amortization or liberalized depreciation.

Page 3924: Account 281, *Accumulated Deferred Taxes on Income—Accelerated Amortization:* Change title of Account 281 to "Accumulated Deferred Income Taxes—Accumulated Amortization" and change first sentence of paragraph A to read: "A. This account shall be credited and account 410, Provision for Deferred Income Taxes, shall be . . ."

Change first sentence of paragraph B to read: "B. This account shall be debited and account 411, Income Taxes Deferred in Prior Years—Credit, shall be . . ."

Change fourth and third lines from end of paragraph E to read: "account 411, Income Taxes Deferred in Prior Years—Credit, . . ."

Page 3924: Account 282, *Accumulated Deferred Taxes on Income—Liberalized Depreciation:* Change title of Account 282 to "Accumulated Deferred Income Taxes—Liberalized Depreciation" and change first sentence of paragraph A to read: "A. This account shall be credited

and account 410, Provision for Deferred Income Taxes, shall be . . ."

Change first sentence of paragraph B to read: "B. This account shall be debited and account 411, Income Taxes Deferred in Prior Years—Credit, shall be . . ."

Change fourth and third lines from end of paragraph E to read: "account 411, Income Taxes Deferred in Prior Years—Credit, . . ."

Page 3925: Account 283, *Accumulated Deferred Taxes on Income—Other:* Change title of Account 283 to "Accumulated Deferred Income Taxes—Other" and change fourth and fifth lines of paragraph A to read: ". . . and account 410, Provision for Deferred Income Taxes . . ."

Change third and fourth lines of paragraph B to read: "debited and account 411, Income Taxes Deferred in Prior Years—Credit, . . ."

Change fourth and third lines from end of paragraph D to read: "Income Taxes Deferred in Prior Years—Credit, . . ."

Page 3930: Account 344, *Generators:* At end of list of items add the following note: "Note: If prime movers and generators are so integrated that it is not practical to classify them separately, the entire unit may be included in account 344 Generators."

Page 3932: Account 368, *Line Transformers:* Add the following to list of items:

5. Capacitors.
6. Network Protectors.

Page 3934: *Income Accounts:* Change title of Account 410 to "Provision for Deferred Income Taxes"; Change title of Account 411 to "Income Taxes Deferred in Prior Years—Credit."

Page 3935: Account 410, *Provision for Deferred Taxes on Income:* Change title of Account 410 to "Provision for Deferred Income Taxes."

Change reference to Account 411 in third to last line of text of account to read "account 411, Income Taxes Deferred in Prior Years—Credit."

Page 3935: Account 411, *Taxes on Income Deferred in Prior Years—Credit:* Change title of Account 411 to "Income Taxes Deferred in Prior Years—Credit."

Change reference to Account 410 in last line of text of account to read: "Provision for Deferred Income Taxes."

Page 3936: Following the text of *Account 426 Other Income Deductions* add the following note: "Note: The classification of expenses as nonoperating and their inclusion in this account is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes."

Page 3936: *Account 434, Miscellaneous Credits to Surplus*: After the first full sentence of *Account 434*, add the following sentence: "If an amount otherwise required by the Uniform System of Accounts to be credited to this account is not significant with respect to net income determination for the year, it may be credited to the appropriate nonoperating income account. (See also General Instruction 7. Delayed Items.)"

Page 3936: *Account 435, Miscellaneous Debits to Surplus*: After the first full sentence of *Account 435*, add the following sentence: "If an amount otherwise required by the Uniform System of Accounts to be charged to this account is not significant with respect to income determination for the year, it may be charged to the appropriate nonoperating income deduction account. (See also General Instruction 7. Delayed Items.)"

Page 3937: *Account 442, Commercial and Industrial Sales*: Present note becomes "Note B".

Add the following note as Note A to the text of *Account 442*:

NOTE A: If the utility classifies large commercial and industrial customers and related revenues on a lesser basis than 1000 kilowatts of demand, or segregates industrial

to *Account 163* to: "account 163, Stores Expense Undistributed."

The Commission recognizes that some burden and expense will have to be borne by the accounting and reporting parties affected in connection with the transition from the present to the revised System of Accounts. However, the Commission is of the opinion that the physical burden and monetary cost of the changeover is of minor importance when viewed in relation to the immediate and future benefits to be derived from the revised System of Accounts, as prescribed herein.

For the convenience of all parties concerned, Appendix A set forth below correlates the account titles of the Commission's Uniform System of Accounts Prescribed for Public Utilities and Licensees Subject to the Provisions of the Federal Power Act, effective January 1, 1937, with the revised System of Accounts prescribed herein effective January 1, 1961. Being a schematic presentation only, and of a very general nature, nothing contained therein shall be construed as in any way modifying the general or specific account titles, texts, and instructions of either of the Systems of Accounts.

Also, it should be noted that for the period of time required for the preparation and publication of the revised System of Accounts prescribed herein in pamphlet form, the revised System of Accounts (18 CFR 101.02-1-101.905) will be available in the printed form set forth below as Appendix B.

The Commission finds:

(1) In view of the foregoing, and upon consideration of all relevant matters pre-

sented, it is necessary and appropriate for the purposes of the Federal Power Act that the proposed revised System of Accounts as set forth in the Notice of Proposed Rulemaking (24 F.R. 3906-3949) and as modified by the changes set forth above, be adopted and promulgated as this Commission's revised Uniform System of Accounts Prescribed for Public Utilities and Licensees subject to the provisions of the Federal Power Act, effective January 1, 1961, all in the manner as hereinafter provided.

(2) Good cause exists for the adoption of the revised System of Accounts set forth herein to be effective as of January 1, 1961.

The Commission, acting pursuant to the Federal Power Act, as amended, particularly sections 301(a), 304, and 309 (16 U.S.C. 825, 825c, and 825h), orders:

(A) Effective January 1, 1961, §§ 101.02-1 through 101.905, Part 101 of Subchapter C—Accounts, Federal Power Act (18 CFR 101.02-1 through 101.905) are amended to read as provided by Appendix B set forth below.

(B) Effective January 1, 1961, all Class A and Class B Public Utilities and Licensees under the Federal Power Act shall keep their accounts in the manner set forth in the revised System of Accounts appearing in Appendix B set forth below.

(C) The Secretary of the Commission shall cause prompt publication of this order.

Issued: June 7, 1960.
By the Commission.

[SEAL] JOSEPH H. GUTRINE,
Secretary.

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1961		
Account title	No.		Account title	No.	
BALANCE SHEET ACCOUNTS			BALANCE SHEET ACCOUNTS		
ASSETS AND OTHER DEBITS			ASSETS AND OTHER DEBITS		
1. Utility Plant			1. Utility Plant		
Electric plant in service.....	100.1		Electric plant in service.....	101	
Electric plant leased to others.....	100.2		Electric plant purchased or sold.....	102	
Construction work in progress.....	100.3		Electric plant in process of reclassification.....	103	
Electric plant held for future use.....	100.4		Electric plant leased to others.....	104	
Electric plant acquisition adjustments.....	100.5		Electric plant held for future use.....	105	
Electric plant in process of reclassification.....	100.6		Completed construction not classified—electric.....	106	
Electric plant adjustments.....	107		Accumulated provision for depreciation and amortization.....	107	
Other utility plant.....	108		Accumulated provision for depreciation of electric plant in service.....	108	
			Accumulated provision for depreciation of electric plant leased to others.....	109	
			Accumulated provision for depreciation of electric plant held for future use.....	110	
			Accumulated provision for amortization of electric plant in service.....	111	
			Accumulated provision for amortization of electric plant leased to others.....	112	
			Accumulated provision for amortization of electric plant held for future use.....	113	
			Electric plant acquisition adjustments.....	114	
			Accumulated provision for amortization of electric plant acquisition adjustments.....	115	
			Other electric plant adjustments.....	116	
			Other utility plant.....	118	
			Accumulated provision for depreciation and amortization of other utility plant.....	119	
			2. Other Property and Investments		
			Nonutility property.....	121	
			Accumulated provision for depreciation and amortization of nonutility property.....	122	
			Investment in associated companies.....	123	
			Other investments.....	124	
			Sinking funds.....	125	
			Depreciation fund.....	126	
			Amortization fund—Federal.....	127	
			Other special funds.....	128	
			2. Investment and Fund Accounts		
			Other physical property.....	110	
			Investment in securities of associated companies.....	111.1	
			Advances to associated companies.....	111.2	
			Sinking funds.....	112	
			Depreciation fund.....	113	
			Amortization fund—Federal.....	114.1	
			Miscellaneous special funds.....	114.2	
				114.3	

From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937

System of accounts effective Jan. 1, 1937

BALANCE SHEET ACCOUNTS

ASSETS AND OTHER DEBITS

1. Utility Plant

Electric plant in service.....

Electric plant purchased or sold.....

Electric plant in process of reclassification.....

Electric plant leased to others.....

Electric plant held for future use.....

Completed construction not classified—electric.....

Accumulated provision for depreciation and amortization.....

Accumulated provision for depreciation of electric plant in service.....

Accumulated provision for depreciation of electric plant leased to others.....

Accumulated provision for depreciation of electric plant held for future use.....

Accumulated provision for amortization of electric plant in service.....

Accumulated provision for amortization of electric plant leased to others.....

Accumulated provision for amortization of electric plant held for future use.....

Electric plant acquisition adjustments.....

Accumulated provision for amortization of electric plant acquisition adjustments.....

Other electric plant adjustments.....

Other utility plant.....

Accumulated provision for depreciation and amortization of other utility plant.....

2. Other Property and Investments

Nonutility property.....

Accumulated provision for depreciation and amortization of nonutility property.....

Investment in associated companies.....

Other investments.....

Sinking funds.....

Depreciation fund.....

Amortization fund—Federal.....

Other special funds.....

2. Investment and Fund Accounts

Other physical property.....

Reserve for depreciation and amortization of other property.....

Investment in securities of associated companies.....

Advances to associated companies.....

Other investments.....

Sinking funds.....

Depreciation fund.....

Amortization fund—Federal.....

Other special funds.....

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1961, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1961		
Account title	No.		Account title	No.	
BALANCE SHEET ACCOUNTS—Continued			BALANCE SHEET ACCOUNTS—Continued		
ASSETS AND OTHER DEBITS—continued			ASSETS AND OTHER DEBITS—continued		
5. Current and Accrued Assets			5. Current and Accrued Assets		
Cash.....	120		Cash.....	131	
Interest special deposits.....	121.1		Interest special deposits.....	132	
Dividend special deposits.....	121.2		Dividend special deposits.....	133	
Miscellaneous special deposits.....	121.3		Other special deposits.....	134	
Working funds.....	122		Working funds.....	135	
Temporary cash investments.....	123		Temporary cash investments.....	136	
Notes receivable.....	124		Notes receivable.....	141	
Accounts receivable—customers.....	125.1		Customer accounts receivable.....	142	
Other accounts receivable.....	125.2		Other accounts receivable.....	143	
Notes receivable from associated companies.....	126.1		Notes receivable from associated companies.....	145	
Subscriptions to capital stock.....	126.2		Accounts receivable from associated companies.....	146	
Interest and dividends receivable.....	127		Accumulated provision for uncollectible accounts—credit.....	147	
Reserve for uncollectible accounts.....	128		Notes receivable from associated companies.....	148	
Rents receivable.....	129		Accounts receivable from associated companies.....	149	
Accrued utility revenues.....	130		Fuel stock.....	151	
Materials and supplies—electric.....	131.1		Fuel stock expenses undistributed.....	152	
Materials and supplies—other.....	131.2		Residuals.....	153	
Prepayments.....	132		Plant materials and operating supplies.....	154	
Other current and accrued assets.....	133		Other materials and supplies.....	155	
			Nuclear fuel assemblies and components—in reactor.....	156	
			Nuclear fuel assemblies and components—stock account.....	157	
			Nuclear byproduct materials.....	158	
			Stores expenses undistributed.....	159	
			Prepayments.....	163	
			Interest and dividends receivable.....	165	
			Rents receivable.....	171	
			Accrued utility revenues.....	172	
			Miscellaneous current and accrued assets.....	173	
				174	
			4. Deferred Debits		
			Unamortized debt discount and expense.....	181	
			Extraordinary property losses.....	182	
			Preliminary survey and investigation charges.....	183	
			Clearing accounts.....	184	
			Retirement work in progress.....	185	
			Other work in progress.....	186	
			Other deferred debits.....	187	
				188	
			6. Capital Stock Discount and Expense		
			Discount on capital stock.....	213	
			Capital stock expense.....	214	
				217	
			6. Acquired Securities		
			Reacquired capital stock.....	217	
			Reacquired long-term debt.....	222	

[illegible]

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961		From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961		From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937	
System of accounts effective Jan. 1, 1937		System of accounts effective Jan. 1, 1961		System of accounts effective Jan. 1, 1961	
Account title	No.	Account title	No.	Account title	No.
BALANCE SHEET ACCOUNTS—Continued		BALANCE SHEET ACCOUNTS—Continued		BALANCE SHEET ACCOUNTS—Continued	
LIABILITIES AND OTHER CREDITS—Continued		LIABILITIES AND OTHER CREDITS—Continued		LIABILITIES AND OTHER CREDITS—Continued	
11. Reserves		9. Operating Reserves		11. Reserves	
Reserve for depreciation of electric plant in service.....	250.1	Accumulated provision for depreciation of electric plant in service.....	108	Insurance reserve.....	255
Reserve for depreciation of electric plant leased to others.....	250.2	Accumulated provision for depreciation of electric plant leased to others.....	109	Injuries and damages reserve.....	256
Reserve for depreciation of electric plant held for future use.....	250.3	Accumulated provision for depreciation of electric plant held for future use.....	110	Employees' provident reserve.....	257
Reserve for amortization of limited-term electric investments—electric plant in service.....	251.1	Accumulated provision for amortization of electric plant in service.....	111	Amortization reserve—Federal.....	258.1
Reserve for amortization of limited-term electric investments—electric plant leased to others.....	251.2	Accumulated provision for amortization of electric plant leased to others.....	112	Other reserves.....	258.2
Reserve for amortization of limited-term electric investments—electric plant held for future use.....	251.3	Accumulated provision for amortization of electric plant held for future use.....	113		
Reserve for amortization of electric plant acquisition adjustments.....	252	Accumulated provision for amortization of electric plant acquisition adjustments.....	115		
Reserve for depreciation and amortization of other property.....	253	Accumulated provision for depreciation and amortization of other utility plant.....	119		
Reserve for uncollectible accounts.....	254	Accumulated provision for uncollectible accounts—credit.....	144		
Insurance reserve.....	255	Property insurance reserve.....	261		
Injuries and damages reserve.....	256	Injuries and damages reserve.....	262		
Employees' provident reserve.....	257	Pension and benefits reserve.....	263		
Amortization reserve—Federal.....	258.1	Amortization reserve—Federal.....	264		
Miscellaneous reserves.....	258.2	Miscellaneous operating reserve.....	265		
12. Contributions in Aid of Construction		10. Contributions in Aid of Construction		12. Contributions in Aid of Construction	
Contributions in aid of construction.....	265	Contributions in aid of construction.....	271	Contributions in aid of construction.....	265
13. Accumulated Deferred Taxes on Income		11. Accumulated Deferred Income Taxes		13. Accumulated Deferred Taxes on Income	
Accumulated deferred taxes on income—accelerated amortization.....	266.1	Accumulated deferred income taxes—accelerated amortization.....	281	Accumulated deferred taxes on income—accelerated amortization.....	266.1
Accumulated deferred taxes on income—liberalized depreciation.....	266.2	Accumulated deferred income taxes—liberalized depreciation.....	282	Accumulated deferred taxes on income—liberalized depreciation.....	266.2
Accumulated deferred taxes on income—other.....	266.3	Accumulated deferred income taxes—other.....	283	Accumulated deferred taxes on income—other.....	266.3
14. Surplus		Donations received from stockholders.....	208		
Capital surplus.....	270	Reduction in par or stated value of capital stock.....	209		
Earned surplus.....	271	Gain on resale on cancellation of reacquired capital stock.....	210		
		Miscellaneous paid in capital.....	211		
		Appropriated earned surplus.....	215		
		Unappropriated earned surplus.....	216		

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937		No.	System of accounts effective Jan. 1, 1961		No.
ELECTRIC PLANT ACCOUNTS			ELECTRIC PLANT ACCOUNTS		
1. Intangible Plant			1. Intangible Plant		
Organization.....	301		Organization.....	301	
Franchises and consents.....	302		Franchises and consents.....	302	
Miscellaneous intangible plant.....	303		Miscellaneous intangible plant.....	303	
2. Production Plant			2. Production Plant		
A. Steam Production			A. Steam Production		
Land and land rights.....	310		Land and land rights.....	310	
Structures and improvements.....	311		Structures and improvements.....	311	
Boiler plant equipment.....	312		Boiler plant equipment.....	312	
Engines and engine driven generators.....	313		Engines and engine driven generators.....	313	
Turbogenerator units.....	314		Turbogenerator units.....	314	
Accessory electric equipment.....	315		Accessory electric equipment.....	315	
Miscellaneous power plant equipment.....	316		Miscellaneous power plant equipment.....	316	
B. Nuclear Production			B. Nuclear Production		
Land and land rights.....	320		Land and land rights.....	320	
Structures and improvements.....	321		Structures and improvements.....	321	
Reactor plant equipment.....	322		Reactor plant equipment.....	322	
Turbogenerator units.....	323		Turbogenerator units.....	323	
Accessory electric equipment.....	324		Accessory electric equipment.....	324	
Miscellaneous power plant equipment.....	325		Miscellaneous power plant equipment.....	325	
C. Hydraulic Production			C. Hydraulic Production		
Land and land rights.....	330		Land and land rights.....	330	
Structures and improvements.....	331		Structures and improvements.....	331	
Reservoirs, dams, and waterways.....	332		Reservoirs, dams, and waterways.....	332	
Water wheels, turbines, and generators.....	333		Water wheels, turbines, and generators.....	333	
Accessory electric equipment.....	334		Accessory electric equipment.....	334	
Miscellaneous power plant equipment.....	335		Miscellaneous power plant equipment.....	335	
Roads, railroads, and bridges.....	336		Roads, railroads, and bridges.....	336	
C. Internal Combustion Engine Production			C. Internal Combustion Engine Production		
Land and land rights.....	340		Land and land rights.....	340	
Structures and improvements.....	341		Structures and improvements.....	341	
Fuel holders, producers, and accessories.....	342		Fuel holders, producers, and accessories.....	342	
Internal combustion engines.....	343		Internal combustion engines.....	343	
Generators.....	344		Generators.....	344	
Accessory electric equipment.....	345		Accessory electric equipment.....	345	
Miscellaneous power plant equipment.....	346		Miscellaneous power plant equipment.....	346	
3. Transmission Plant			3. Transmission Plant		
Land and land rights.....	350		Land and land rights.....	350	
Clearing land and rights-of-way.....	351		Clearing land and rights-of-way.....	351	
Structures and improvements.....	352		Structures and improvements.....	352	
Station equipment.....	353		Station equipment.....	353	
Poles and fixtures.....	354		Poles and fixtures.....	354	
Overhead conductors and devices.....	355		Overhead conductors and devices.....	355	
Underground conduit.....	356		Underground conduit.....	356	
Underground conductors and devices.....	357		Underground conductors and devices.....	357	
Roads and trails.....	358		Roads and trails.....	358	
	359			359	

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937		No.	System of accounts effective Jan. 1, 1961		No.
ELECTRIC PLANT ACCOUNTS—Continued			ELECTRIC PLANT ACCOUNTS—Continued		
4. Distribution Plant			4. Distribution Plant		
Land and land rights.....	390		Land and land rights.....	390	
Structures and improvements.....	391		Structures and improvements.....	391	
Station equipment.....	392		Station equipment.....	392	
Storage battery equipment.....	393		Storage battery equipment.....	393	
Poles, towers, and fixtures.....	394		Poles, towers, and fixtures.....	394	
Overhead conductors and devices.....	395		Overhead conductors and devices.....	395	
Underground conduit.....	396		Underground conduit.....	396	
Underground conductors and devices.....	397		Underground conductors and devices.....	397	
Line transformers.....	398		Line transformers.....	398	
Services.....	399		Services.....	399	
Meters.....	399		Meters.....	399	
Installations on customers' premises.....	370		Installations on customers' premises.....	370	
Leased property on customers' premises.....	371		Leased property on customers' premises.....	371	
Street lighting and signal systems.....	372		Street lighting and signal systems.....	372	
	373			373	
5. General Plant			5. General Plant		
Land and land rights.....	370		Land and land rights.....	370	
Structures and improvements.....	371		Structures and improvements.....	371	
Office furniture and equipment.....	372		Office furniture and equipment.....	372	
Transportation equipment.....	373		Transportation equipment.....	373	
Stores equipment.....	374		Stores equipment.....	374	
Shop equipment.....	375		Shop equipment.....	375	
Tools and work equipment.....	376		Tools, shop and garage equipment.....	394	
Laboratory equipment.....	377		Laboratory equipment.....	395	
Power operated equipment.....	378		Power operated equipment.....	396	
Communication equipment.....	379		Communication equipment.....	397	
Miscellaneous equipment.....	380		Miscellaneous equipment.....	398	
Other tangible property.....	390		Miscellaneous equipment.....	399	
Electric plant purchased.....	391		Other tangible property.....		
Electric plant sold.....	392				
EARNED SURPLUS ACCOUNTS					
Credits:			Credits:		
Earned surplus (at beginning of period).....	271		Unappropriated earned surplus (at beginning of period).....	216	
Credit balance transferred from income account.....	400		Balance transferred from income.....	433	
Miscellaneous credits to surplus.....	401		Miscellaneous credits to surplus.....	434	
Debits:			Debits:		
Debit balance transferred from income account.....	410		Balance transferred from income.....	433	
Dividend appropriations—preferred stock.....	411		Dividends declared—preferred stock.....	437	
Dividend appropriations—common stock.....	412		Dividends declared—common stock.....	438	
Miscellaneous appropriations of surplus.....	413		Appropriations of surplus.....	439	
Miscellaneous debits to surplus.....	414		Miscellaneous debits to surplus.....	435	
Earned surplus (at end of period).....	271		Unappropriated earned surplus (at end of period).....	216	

In the system of accounts effective Jan. 1, 1961, the earned surplus accounts are included with the income accounts. See below.)

System of accounts effective Jan. 1, 1961		No.	System of accounts effective Jan. 1, 1937		No.
ELECTRIC PLANT ACCOUNTS—Continued			ELECTRIC PLANT ACCOUNTS—Continued		
4. Distribution Plant			4. Distribution Plant		
Land and land rights.....	390		Land and land rights.....	390	
Structures and improvements.....	391		Structures and improvements.....	391	
Station equipment.....	392		Station equipment.....	392	
Storage battery equipment.....	393		Storage battery equipment.....	393	
Poles, towers, and fixtures.....	394		Poles, towers, and fixtures.....	394	
Overhead conductors and devices.....	395		Overhead conductors and devices.....	395	
Underground conduit.....	396		Underground conduit.....	396	
Underground conductors and devices.....	397		Underground conductors and devices.....	397	
Line transformers.....	398		Line transformers.....	398	
Services.....	399		Services.....	399	
Meters.....	399		Meters.....	399	
Installations on customers' premises.....	370		Installations on customers' premises.....	370	
Leased property on customers' premises.....	371		Leased property on customers' premises.....	371	
Street lighting and signal systems.....	372		Street lighting and signal systems.....	372	
	373			373	
5. General Plant			5. General Plant		
Land and land rights.....	399		Land and land rights.....	399	
Structures and improvements.....	390		Structures and improvements.....	390	
Office furniture and equipment.....	391		Office furniture and equipment.....	391	
Transportation equipment.....	392		Transportation equipment.....	392	
Stores equipment.....	393		Stores equipment.....	393	
Tools, shop and garage equipment.....	394		Tools, shop and garage equipment.....	394	
Laboratory equipment.....	395		Laboratory equipment.....	395	
Power operated equipment.....	396		Power operated equipment.....	396	
Communication equipment.....	397		Communication equipment.....	397	
Miscellaneous equipment.....	398		Miscellaneous equipment.....	398	
Other tangible property.....	399		Miscellaneous equipment.....	399	
Electric plant purchased or sold.....	102		Other tangible property.....		

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937		No.	System of accounts effective Jan. 1, 1961		No.
INCOME ACCOUNTS			INCOME ACCOUNTS		
1. Utility Operating Income			1. Utility Operating Income		
Operating revenues.....	501		Operating revenues.....	400	
Operating revenue deductions:			Operating expenses:		
Operating expenses.....	502		Operation expense.....	401	
Depreciation.....	503		Maintenance expense.....	402	
Amortization of limited-term electric investments.....	504		Depreciation expense.....	403	
Amortization of limited-term electric investments.....	505		Amortization of limited-term electric plant.....	404	
Amortization of electric plant acquisition adjustments.....	506		Amortization of other electric plant.....	405	
Property losses chargeable to operations.....	507		Amortization of electric plant acquisition adjustments.....	406	
Taxes.....	507A		Amortization of property losses.....	407	
Provision for deferred taxes on income.....	507B		Taxes other than income taxes.....	408	
Taxes on income deferred in prior years—credit.....	508		Income taxes.....	409	
Income from electric plant leased to others.....	509		Provision for deferred income taxes.....	410	
Other utility operating income.....			Income taxes deferred in prior years—credit.....	411	
			Income from electric plant leased to others.....	412, 413	
			Other utility operating income.....	414	
2. Other Income			2. Other Income		
Income from merchandising, jobbing, and contract work.....	520		Income from merchandising, jobbing and contract work.....	415, 416	
Income from nonutility operations.....	521		Income from nonutility operations.....	417	
Revenues from lease of other physical property.....	522		Nonoperating rental income.....	418	
Dividend revenues.....	523				
Revenues from sinking and other funds.....	524		Interest and dividend income.....	419	
Miscellaneous nonoperating revenues.....	525		Miscellaneous nonoperating income.....	421	
Nonoperating revenue deductions.....	526				
3. Income Deductions			3. Miscellaneous Income Deductions		
Interest on long-term debt.....	530				
Amortization of debt discount and expense.....	531		Miscellaneous amortization.....	425	
Amortization of premium on debt—credit.....	532		Other income deductions.....	426	
Taxes assumed on interest.....	533				
Interest on debt to associated companies.....	534		4. Interest Charges		
Other interest charges.....	535		Interest on long-term debt.....	427	
Interest charges to construction—credit.....	536		Amortization of debt discount and expense.....	428	
Miscellaneous amortization.....	537		Amortization of premium on debt—credit.....	429	
Miscellaneous income deductions.....	538		Interest on debt to associated companies.....	430	
			Other interest expense.....	431	
			Interest charged to construction—credit.....	432	
4. Disposition of Net Income			5. Earned Surplus		
Miscellaneous reservations of net income.....	540		Unappropriated earned surplus (at beginning of period).....	216	
			Balance transferred from income.....	433	
			Miscellaneous credits to surplus.....	434	
			Miscellaneous debits to surplus.....	435	
			Appropriations of surplus.....	436	
			Dividends declared—preferred stock.....	437	
			Dividends declared—common stock.....	438	
			Unappropriated earned surplus (at end of period).....	216	

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1961		
Account title	No.		Account title	No.	
OPERATING REVENUE ACCOUNTS					
1. Sales of Electric Energy					
Residential or domestic sales.....	600		Residential sales.....	440	
Rural sales.....	601		Commercial and industrial sales.....	442	
Commercial and industrial sales.....	602		Public street and highway lighting.....	444	
Public street and highway lighting.....	603		Other sales to public authorities.....	445	
Other sales to public authorities.....	604		Sales to railroads and railways.....	446	
Sales to other electric utilities.....	605		Sales for resale.....	447	
Sales to railroads and railways.....	606		Interdepartmental sales.....	448	
Sales to other electric utilities.....	607		Deleted.....		
Interdepartmental sales.....	608				
Other sales.....					
2. Other Electric Revenues					
Rent from electric property.....	610		Rent from electric property.....	454	
Interdepartmental rents.....	611		Interdepartmental rents.....	455	
Customers' forfeited discounts and penalties.....	612		Forfeited discounts.....	456	
Sales of water and water power.....	613		Sales of water and water power.....	457	
Rent from electric property.....	614		Miscellaneous service revenues.....	458	
Service of customers' installations.....	615		Other electric revenues.....	459	
Miscellaneous electric revenues.....					
OPERATING EXPENSE ACCOUNTS					
1. Production Expenses					
A. Electric Generation—Steam Power					
Operation:			Operation:		
Operation supervision and engineering.....	701		Operation supervision and engineering.....	500	
Boiler labor.....	702.1		Fuel.....	501	
Prime mover and generator labor.....	702.2		Electric expenses.....	502	
Electric labor.....	702.3		Miscellaneous steam power expenses.....	503	
Miscellaneous station labor.....	702.4		Fuel.....	504	
Fuel.....	703		Electric expenses.....	505	
Water.....	704		Steam expenses.....	506	
Lubricants.....	705.1		Electric expenses.....	507	
Station supplies.....	705.2		Steam expenses.....	508	
Station expenses.....	705.3		Electric expenses.....	509	
			Miscellaneous steam power expenses.....	510	
			Rents.....	511	
			Maintenance:		
			Maintenance supervision and engineering.....	512	
			Maintenance of structures and improvements.....	513	
			Maintenance of coal storage, handling, and weighing equipment.....	514	
			Maintenance of furnaces and boilers.....		
			Maintenance of boiler apparatus.....		
			Maintenance of steam piping and accessories.....		
			Maintenance of prime movers and generators.....		
			Maintenance of accessory electric equipment.....		
			Maintenance of miscellaneous power plant equipment.....		
			Rents.....		
			Steam from other sources.....		
			Steam transferred—credit.....		
			Joint expenses—debit.....		
			Joint expenses—credit.....		

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937		No.	System of accounts effective Jan. 1, 1961		No.
Account title	No.		Account title	No.	
OPERATING EXPENSE ACCOUNTS—Continued					
1. Production Expenses—Continued					
B. Electric Generation—Hydraulic Power					
Operation:			Operation:		
Operation supervision and engineering.....	715		Operation supervision and engineering.....	535	
Hydraulic labor.....	716.1		Water for power.....	536	
Prime mover and generator labor.....	716.2		Hydraulic expenses.....	537	
Electric labor.....	716.3				
Miscellaneous station labor.....	716.4				
Water for power.....	717				
Lubricants.....	718.1				
Station supplies.....	718.2				
Station expenses.....	718.3				
Maintenance:					
Maintenance supervision and engineering.....	719				
Maintenance of structures and improvements.....	720				
Maintenance of reservoirs, dams, and waterways.....	721				
Maintenance of prime movers and generators.....	722.1				
Maintenance of accessory electric equipment.....	722.2				
Maintenance of miscellaneous power plant equipment.....	722.3				
Miscellaneous:					
Maintenance of roads, railroads, and bridges.....	723				
Rents.....	724				
Joint expenses—debit.....	725				
Joint expenses—credit.....	726				
C. Hydraulic Power Generation					
Operation:			Operation:		
Operation supervision and engineering.....	535		Operation supervision and engineering.....	535	
Hydraulic expenses.....	536		Water for power.....	536	
Electric expenses.....	537		Hydraulic expenses.....	537	
Miscellaneous hydraulic power generation expenses.....	538		Electric expenses.....	538	
			Miscellaneous hydraulic power generation expenses.....	539	
Water for power.....	536				
Lubricants.....	537				
Station supplies.....	538				
Station expenses.....	539				
Maintenance:					
Maintenance supervision and engineering.....	541				
Maintenance of structures.....	542				
Maintenance of reservoirs, dams, and waterways.....	543				
Maintenance of electric plant.....	544				
Maintenance of accessory electric plant.....	545				
Maintenance of miscellaneous hydraulic plant.....	546				
Rents.....	547				
Deleted.....	548				
1. Power Production Expenses—Continued					
B. Nuclear Power Generation					
Operation:			Operation:		
Operation supervision and engineering.....	517		Operation supervision and engineering.....	517	
Fuel.....	518		Coolants and water.....	519	
Steam expenses.....	520		Steam from other sources.....	521	
Steam transferred—credit.....	522		Electric expenses.....	523	
Miscellaneous nuclear power expenses.....	524		Rents.....	525	
Maintenance:					
Maintenance supervision and engineering.....	528				
Maintenance of structures.....	529				
Maintenance of reactor plant equipment.....	530				
Maintenance of electric plant.....	531				
Maintenance of miscellaneous nuclear plant.....	532				
C. Hydraulic Power Generation					
Operation:			Operation:		
Operation supervision and engineering.....	535		Operation supervision and engineering.....	535	
Water for power.....	536		Water for power.....	536	
Hydraulic expenses.....	537		Hydraulic expenses.....	537	
Electric expenses.....	538		Electric expenses.....	538	
Miscellaneous hydraulic power generation expenses.....	539		Miscellaneous hydraulic power generation expenses.....	539	
Water for power.....	536				
Lubricants.....	537				
Station supplies.....	538				
Station expenses.....	539				
Maintenance:					
Maintenance supervision and engineering.....	541				
Maintenance of structures.....	542				
Maintenance of reservoirs, dams, and waterways.....	543				
Maintenance of electric plant.....	544				
Maintenance of accessory electric plant.....	545				
Maintenance of miscellaneous hydraulic plant.....	546				
Rents.....	547				
Deleted.....	548				
1. Power Production Expenses—Continued					
B. Nuclear Power Generation					
Operation:			Operation:		
Operation supervision and engineering.....	517		Operation supervision and engineering.....	517	
Fuel.....	518		Coolants and water.....	519	
Steam expenses.....	520		Steam from other sources.....	521	
Steam transferred—credit.....	522		Electric expenses.....	523	
Miscellaneous nuclear power expenses.....	524		Rents.....	525	
Maintenance:					
Maintenance supervision and engineering.....	528				
Maintenance of structures.....	529				
Maintenance of reactor plant equipment.....	530				
Maintenance of electric plant.....	531				
Maintenance of miscellaneous nuclear plant.....	532				
C. Hydraulic Power Generation					
Operation:			Operation:		
Operation supervision and engineering.....	535		Operation supervision and engineering.....	535	
Water for power.....	536		Water for power.....	536	
Hydraulic expenses.....	537		Hydraulic expenses.....	537	
Electric expenses.....	538		Electric expenses.....	538	
Miscellaneous hydraulic power generation expenses.....	539		Miscellaneous hydraulic power generation expenses.....	539	
Water for power.....	536				
Lubricants.....	537				
Station supplies.....	538				
Station expenses.....	539				
Maintenance:					
Maintenance supervision and engineering.....	541				
Maintenance of structures.....	542				
Maintenance of reservoirs, dams, and waterways.....	543				
Maintenance of electric plant.....	544				
Maintenance of accessory electric plant.....	545				
Maintenance of miscellaneous hydraulic plant.....	546				
Rents.....	547				
Deleted.....	548				

1. Production Expenses—Continued

B. Electric Generation—Hydraulic Power

Operation:
Operation supervision and engineering.
Water for power.
Hydraulic labor.
Lubricants.
Station supplies.
Station expenses.
Prime mover and generator labor.
Electric labor.
Lubricants.
Station supplies.
Station expenses.
Miscellaneous station labor.
Station supplies.
Station expenses.
Rents.
Maintenance:
Maintenance supervision and engineering.
Maintenance of structures and improvements.
Maintenance of reservoirs, dams, and waterways.
Maintenance of prime movers and generators.
Maintenance of accessory electric equipment.
Maintenance of miscellaneous power plant equipment.
Maintenance of roads, railroads, and bridges.

New accounts.

C. Hydraulic Power Generation

Operation:
Operation supervision and engineering.
Water for power.
Hydraulic expenses.
Electric expenses.
Miscellaneous hydraulic power generation expenses.
Rents.
Maintenance:
Maintenance supervision and engineering.
Maintenance of structures.
Maintenance of reservoirs, dams, and waterways.
Maintenance of electric plant.
Maintenance of miscellaneous hydraulic plant.

1. Power Production Expenses—Continued

B. Nuclear Power Generation

Operation:
Operation supervision and engineering.
Fuel.
Coolants and water.
Steam expenses.
Steam from other sources.
Steam transferred—credit.
Electric expenses.
Miscellaneous nuclear power expenses.
Rents.
Maintenance:
Maintenance supervision and engineering.
Maintenance of structures.
Maintenance of reactor plant equipment.
Maintenance of electric plant.
Maintenance of miscellaneous nuclear plant.

1. Power Production Expenses—Continued

C. Hydraulic Power Generation

Operation:
Operation supervision and engineering.
Hydraulic expenses.
Electric expenses.
Miscellaneous hydraulic power generation expenses.
Water for power.
Hydraulic expenses.
Electric expenses.
Miscellaneous hydraulic power generation expenses.
Maintenance:
Maintenance supervision and engineering.
Maintenance of structures.
Maintenance of reservoirs, dams, and waterways.
Maintenance of electric plant.
Maintenance of accessory electric plant.
Maintenance of miscellaneous hydraulic plant.
Maintenance of miscellaneous hydraulic plant.
Rents.
Deleted.
Deleted.

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961.—Continued

From the system of accounts effective Jan. 1, 1937			From the system of accounts effective Jan. 1, 1937			From the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1937		
No.	Account title	No.	Account title	No.	Account title	No.	Account title	No.
OPERATING EXPENSE ACCOUNTS—Continued			OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Continued			OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Continued		
1. Production Expenses—Continued			1. Power Production Expenses—Continued			1. Power Production Expenses—Continued		
C. Electric Generation—Internal Combustion Engine Power			D. Other Power Generation			D. Other Power Generation		
727	Operation supervision and engineering.	546	Operation supervision and engineering.	546	Operation supervision and engineering.	727	Operation supervision and engineering.	727
728.1	Engine fuel.	547	Fuel.	547	Fuel.	728.1	Engine fuel.	728.1
728.2	Electric labor.					728.2	Electric labor.	728.2
728.3	Miscellaneous station labor.					728.3	Miscellaneous station labor.	728.3
729	Engine fuel.	548	Generation expenses.	548	Generation expenses.	729	Engine fuel.	729
730.1	Water.					730.1	Water.	730.1
730.2	Lubricants.					730.2	Lubricants.	730.2
730.3	Station supplies.					730.3	Station supplies.	730.3
730.4	Miscellaneous station labor.	549	Miscellaneous other power generation expenses.	549	Miscellaneous other power generation expenses.	730.4	Miscellaneous station labor.	730.4
731	Station supplies.					731	Station supplies.	731
732	Station expenses.	550	Rents.	550	Rents.	732	Station expenses.	732
733	Maintenance.					733	Maintenance.	733
734.1	Maintenance supervision and engineering.	551	Maintenance.	551	Maintenance.	734.1	Maintenance supervision and engineering.	734.1
734.2	Maintenance of structures and improvements.	552	Maintenance supervision and engineering.	552	Maintenance supervision and engineering.	734.2	Maintenance of structures and improvements.	734.2
734.3	Maintenance of fuel holders, producers, and accessories.					734.3	Maintenance of fuel holders, producers, and accessories.	734.3
734.4	Maintenance of engines.	553	Maintenance of generating and electric plant.	553	Maintenance of generating and electric plant.	734.4	Maintenance of engines.	734.4
735	Maintenance of generators.					735	Maintenance of generators.	735
736	Maintenance of accessory electric equipment.	554	Maintenance of miscellaneous other power generation plant.	554	Maintenance of miscellaneous other power generation plant.	736	Maintenance of accessory electric equipment.	736
737	Maintenance of miscellaneous power plant equipment.					737	Maintenance of miscellaneous power plant equipment.	737
738	Maintenance of miscellaneous power plant equipment.	555	Rents.	555	Rents.	738	Maintenance of miscellaneous power plant equipment.	738
739	Rents.					739	Rents.	739
740	Joint expenses—debit.	556	Deleted.	556	Deleted.	740	Joint expenses—debit.	740
741	Joint expenses—credit.	557	Deleted.	557	Deleted.	741	Joint expenses—credit.	741
742	Joint expenses—credit.					742	Joint expenses—credit.	742
D. Other Production Expenses and Credits			E. Other Power Supply Expenses			E. Other Power Supply Expenses		
743	Purchased power.	555	Purchased power.	555	Purchased power.	743	Purchased power.	743
744	Interchange power.	556	Interchange power.	556	Interchange power.	744	Interchange power.	744
745.1	Other expenses.	557	Other expenses.	557	Other expenses.	745.1	Other expenses.	745.1
745.2	Other expenses—debit.					745.2	Other expenses—debit.	745.2
746.1	Other expenses—debit.					746.1	Other expenses—debit.	746.1
746.2	Other expenses—credit.					746.2	Other expenses—credit.	746.2
2. Transmission Expenses			2. Transmission Expenses			2. Transmission Expenses		
747	Operation supervision and engineering.	560	Operation supervision and engineering.	560	Operation supervision and engineering.	747	Operation supervision and engineering.	747
748	Load dispatching labor and expenses.	561	Load dispatching.	561	Load dispatching.	748	Load dispatching labor and expenses.	748
749	Station labor.	562	Station expenses.	562	Station expenses.	749	Station labor.	749
750.1	Station supplies and expenses.	563	Overhead line expenses.	563	Overhead line expenses.	750.1	Station supplies and expenses.	750.1
750.2	Overhead lines.	564	Underground line expenses.	564	Underground line expenses.	750.2	Overhead lines.	750.2
750.3	Underground lines.					750.3	Underground lines.	750.3
751.1	Maintenance.	565	Maintenance.	565	Maintenance.	751.1	Maintenance.	751.1
751.2	Maintenance of structures.	566	Maintenance of structures.	566	Maintenance of structures.	751.2	Maintenance of structures.	751.2
751.3	Maintenance of station equipment.	567	Maintenance of station equipment.	567	Maintenance of station equipment.	751.3	Maintenance of station equipment.	751.3
751.4	Maintenance of towers and fixtures.					751.4	Maintenance of towers and fixtures.	751.4
751.5	Maintenance of poles and fixtures.					751.5	Maintenance of poles and fixtures.	751.5
751.6	Maintenance of conductors and devices.					751.6	Maintenance of conductors and devices.	751.6

APPENDIX A.—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1961, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1961		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1961		
Account title	No.	No.	Account title	No.	No.
OPERATING EXPENSE ACCOUNTS—Continued					
3. Distribution Expenses					
Operation:			OPERATION AND MAINTENANCE EXPENSE ACCOUNTS—Continued		
Operation supervision and engineering.	756	580	3. Distribution Expenses		
Lead dispatching labor and expenses.	757	581	Operation:		
Distribution maps and records.	758.1	582	Operation supervision and engineering.	580	756
Other distribution office expenses.	758.2	583	Lead dispatching.	581	757
Station labor.	759.1	584	Miscellaneous distribution expenses.	582	758.1
Station supplies and expenses.	759.2	585	Miscellaneous distribution expenses.	583	758.2
Storage battery labor.	760.1	586	Station expenses.	584	759.1
Storage battery supplies and expenses.	760.2	587	Station expenses.	585	759.2
Overhead lines.	761.1	588	Overhead line expenses.	586	760.1
Underground lines.	761.2	589	Overhead line expenses.	587	760.2
Removing and resetting line transformers.	761.3	590	Underground line expenses.	588	761.1
Removing and resetting meters.	762.1	591	Street lighting and signal system expenses.	589	761.2
Other services on customers' premises.	762.2	592	Meter expenses.	590	762.1
Overhead systems.	763.1	593	Customer installations expenses.	591	762.2
Underground systems.	763.2	594	Miscellaneous distribution expenses.	592	763.1
Maintenance:			Rents.	593	763.2
Maintenance supervision and engineering.	764	595	Maintenance.	594	764
Maintenance of structures and improvements.	765	596	Maintenance supervision and engineering.	595	765
Maintenance of station battery equipment.	766	597	Maintenance of structures.	596	766
Maintenance of storage battery equipment.	767	598	Maintenance of station equipment.	597	767
Maintenance of poles, towers, and fixtures.	768.1	599	Maintenance of overhead lines.	598	768.1
Maintenance of conductors and devices.	768.2	600	Maintenance of overhead lines.	599	768.2
Maintenance of conduit.	769.1	601	Maintenance of underground lines.	600	769.1
Maintenance of conductors and devices.	769.2	602	Maintenance of underground lines.	601	769.2
Maintenance of line transformers and devices.	770	603	Maintenance of overhead lines.	602	770
Maintenance of services.	771	604	Maintenance of overhead lines.	603	771
Maintenance of meters.	772	605	Maintenance of underground lines.	604	772
Maintenance of installations on customers' premises.	773	606	Maintenance of meters.	605	773
Maintenance of leased property on customers' premises.	774	607	Maintenance of miscellaneous distribution plant.	606	774
Maintenance of street lighting and signal systems.	775	608	Maintenance of street lighting and signal systems.	607	775
Rents.	776	609	Maintenance of meters.	608	776
Joint expenses—debit.	777	610	Maintenance of miscellaneous distribution plant.	609	777
Joint expenses—credit.	778	611	Maintenance of miscellaneous distribution plant.	610	778
4. Customers' Accounting and Collecting Expenses					
Supervision.	779	612	Supervision.	612	779
Customers' contracts and orders.	780.1	613	Meter reading expenses.	613	780.1
Credit investigations and records.	780.2	614	Customer records and collection expenses.	614	780.2
Meter reading.	780.3	615	Meter reading expenses.	615	780.3
Collecting.	780.4	616	Customer records and collection expenses.	616	780.4
Customers' billing and accounting.	781	617	Customer records and collection expenses.	617	781
Miscellaneous expenses.	782	618	Miscellaneous customer accounts expenses.	618	782
Uncollectible accounts.	783	619	Uncollectible accounts.	619	783
Rents.	784	620	Miscellaneous customer accounts expenses.	620	784

RULES AND REGULATIONS

APPENDIX A—Comparison of the uniform system of accounts prescribed for Public Utilities and Licensees effective Jan. 1, 1937, with the revised system of accounts effective Jan. 1, 1961—Continued

From the system of accounts effective Jan. 1, 1937, to the system of accounts effective Jan. 1, 1961			From the system of accounts effective Jan. 1, 1961, to the system of accounts effective Jan. 1, 1937		
System of accounts effective Jan. 1, 1937			System of accounts effective Jan. 1, 1961		
No.	Account title	No.	No.	Account title	No.
OPERATING EXPENSE ACCOUNTS—Continued					
6. Sales Promotion Expenses					
785	Supervision.....	911	Supervision.....	911	Supervision.....
786	Salaries and commissions.....	912	Demonstrating and selling expenses.....	912	Salaries and commissions.....
787.1	Demonstration.....	912	Demonstrating and selling expenses.....	912	Demonstration.....
787.2	Advertising.....	913	Advertising expenses.....	913	Advertising.....
787.3	Miscellaneous sales expenses.....	914	Revenues from merchandising, jobbing and contract work.....	914	Revenues from merchandising, jobbing and contract work.....
788	Revenues from merchandising, jobbing, and contract work.....	915	Costs and expenses of merchandising, jobbing, and contract work.....	915	Costs and expenses of merchandising, jobbing, and contract work.....
789.1	Costs and expenses of merchandising, jobbing, and contract work.....	916	Miscellaneous sales expenses.....	916	Miscellaneous sales expenses.....
789.2	Miscellaneous sales expenses.....				
6. Administrative and General Expenses					
Operation:					
790	Salaries of general officers and executives.....	920	Administrative and general salaries.....	920	Salaries of general officers and executives.....
791	Other general office salaries.....	921	Office supplies and expenses.....	921	Other general office salaries.....
792.1	Expenses of general office employees.....	922	Administrative expenses transferred—credit.....	922	Expenses of general office employees.....
792.2	General office supplies and expenses.....				General office supplies and expenses.....
793	Management and supervision fees and expenses.....				Administrative and general expenses transferred—credit.....
794	Management and supervision fees and expenses.....				
795	Special services.....	923	Outside services employed.....	923	Special services.....
796	Regulatory commission expenses.....	924	Property insurance.....	924	Regulatory commission expenses.....
797	Insurance.....	925	Injuries and damages.....	925	Insurance.....
798	Injuries and damages.....	926	Employee pensions and benefits.....	926	Injuries and damages.....
799	Employees' welfare expenses.....	927	Franchise requirements.....	927	Employees' welfare expenses.....
800.1	Cash outlays.....	928	Regulatory commission expenses.....	928	Cash outlays.....
800.2	Miscellaneous general expenses.....	929	Duplicate charges—credit.....	929	Regulatory commission expenses.....
801	Maintenance of structures and improvements.....	930	Miscellaneous general expenses.....	930	Duplicate charges—credit.....
802.1	Maintenance of office furniture and equipment.....	931	Rents.....	931	Miscellaneous general expenses.....
802.2	Maintenance of communication equipment.....				Rents.....
802.3	Maintenance of miscellaneous property.....				
802.4	Rents.....				
803	Commissions paid under agency sales contracts.....				
804	Cash outlays.....				
805.1	Electricity supplied without charge—debit.....	927	Franchise requirements.....	927	Commissions paid under agency sales contracts.....
805.2	Other items furnished without charge—debit.....				Electricity supplied without charge—debit.....
805.3	Duplicate miscellaneous charges—credit.....				Other items furnished without charge—debit.....
806	Administrative and general expenses transferred—credit.....	929	Duplicate charges—credit.....	929	Duplicate miscellaneous charges—credit.....
807	Joint expenses—debit.....		(See text of account 922).		Administrative and general expenses transferred—credit.....
808	Joint expenses—credit.....				Joint expenses—debit.....
809	Charges by associated companies—clearing.....				Joint expenses—credit.....
901	Stores expenses—clearing.....				Charges by associated companies—clearing.....
902	Transportation expenses—clearing.....				Stores expenses—clearing.....
903	Laboratory expenses—clearing.....				Transportation expenses—clearing.....
904	Shop expenses—clearing.....				Laboratory expenses—clearing.....
905					Shop expenses—clearing.....

APPENDIX B

UNIFORM SYSTEM OF ACCOUNTS
PRESCRIBED FOR PUBLIC UTILITIES
AND LICENSEES SUBJECT TO THE
PROVISIONS OF THE FEDERAL
POWER ACT

Definitions

When used in this system of accounts:

1. "Accounts" means the accounts prescribed in this system of accounts.
2. "Actually issued," as applied to securities issued or assumed by the utility, means those which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.
3. "Actually outstanding," as applied to securities issued or assumed by the utility, means those which have been actually issued and are neither retired nor held by or for the utility; provided, however, that securities held by trustees shall be considered as actually outstanding.
4. "Amortization" means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the life of the asset or liability to which it applies, or over the period during which it is anticipated the benefit will be realized.
5. A. "Associated companies" means companies or persons that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the accounting company.
B. "Control" (including the terms "controlling," "controlled by," and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a company, whether such power is exercised through one or more intermediary companies, or alone, or in conjunction with, or pursuant to an agreement, and whether such power is established through a majority or minority ownership or voting of securities, common directors, officers, or stockholders, voting trusts, holding trusts, associated companies, contract or any other direct or indirect means.
6. "Book cost" means the amount at which property is recorded in these ac-

counts without deduction of related provisions for accrued depreciation, amortization, or for other purposes.

7. "Commission," means the Federal Power Commission.

8. "Cost" means the amount of money actually paid for property or services. When the consideration given is other than cash in a purchase and sale transaction, as distinguished from a transaction involving the issuance of common stock in a merger or a pooling of interest, the value of such consideration shall be determined on a cash basis.

9. "Cost of removal" means the cost of demolishing, dismantling, tearing down or otherwise removing electric plant, including the cost of transportation and handling incidental thereto.

10. "Debt expense" means all expenses in connection with the issuance and initial sale of evidences of debt, such as fees for drafting mortgages and trust deeds; fees and taxes for issuing or recording evidences of debt; cost of engraving and printing bonds and certificates of indebtedness; fees paid trustees; specific costs of obtaining governmental authority; fees for legal services; fees and commissions paid underwriters, brokers, and salesmen for marketing such evidences of debt; fees and expenses of listing on exchanges; and other like costs.

11. "Depreciation," as applied to depreciable electric plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption or prospective retirement of electric plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand and requirements of public authorities.

12. "Discount," as applied to the securities issued or assumed by the utility, means the excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

13. "Investment advances" means advances, represented by notes or by book accounts only, with respect to which it is mutually agreed or intended between the

creditor and debtor that they shall be settled by the issuance of securities or shall not be subject to current settlement.

14. "Licensee" means any person, or State, licensed under the provisions of the Federal Power Act and subject to the Commission's accounting requirements under the terms of the license.

15. "Minor items of property" means the associated parts or items of which retirement units are composed.

16. "Net salvage value" means the salvage value of property retired less the cost of removal.

17. "Nominally issued," as applied to securities issued or assumed by the utility, means those which have been signed, certified, or otherwise executed, and placed with the proper officer for sale and delivery, or pledged, or otherwise placed in some special fund of the utility, but which have not been sold, or issued direct to trustees of sinking funds in accordance with contractual requirements.

18. "Nominally outstanding," as applied to securities issued or assumed by the utility, means those which, after being actually issued, have been reacquired by or for the utility under circumstances which require them to be considered as held alive and not retired, provided, however, that securities held by trustees shall be considered as actually outstanding.

19. "Nonproject property" means the electric plant of a licensee which is not a part of the project property subject to a license issued by the Commission.

20. "Original cost," as applied to electric plant, means the cost of such property to the person first devoting it to public service.

21. "Person" means an individual, a corporation, a partnership, an association, a joint stock company, a business trust, or any organized group of persons, whether incorporated or not, or any receiver or trustee.

22. "Premium," as applied to securities issued or assumed by the utility, means the excess of the cash value of the consideration received from their sale over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

23. "Project" means complete unit of improvement or development, consisting

of a power house, all water conduits, all dams and appurtenant works and structures (including navigation structures) which are a part of said unit, and all storage, diverting, or forebay reservoirs directly connected therewith, the primary line or lines transmitting power therefrom to the point of junction with the distribution system or with the interconnected primary transmission system, all miscellaneous structures used and useful in connection with said unit or any part thereof, and all water rights, rights of way, ditches, dams, reservoirs, lands, or interest in lands the use and occupancy of which are necessary or appropriate in the maintenance and operation of such unit.

24. "Project property" means the property described in and subject to a license issued by the Commission.

25. "Property retired," as applied to electric plant, means property which has been removed, sold, abandoned, destroyed, or which for any cause has been withdrawn from service.

26. "Public utility" means any person who owns or operates facilities subject to the jurisdiction of the Commission under the Federal Power Act. (See section 201(e) of said act.)

27. "Replacement," or "replacement," when not otherwise indicated in the context, means the construction or installation of electric plant in place of property retired, together with the removal of the property retired.

28. "Retirement units" means those items of electric plant which, when retired, with or without replacement, are accounted for by crediting the book cost thereof to the electric plant account in which included.

29. "Salvage value" means the amount received for property retired, less any expenses incurred in connection with the sale or in preparing the property for sale; or, if retained, the amount at which the material recoverable is chargeable to materials and supplies, or other appropriate account.

30. "Service life" means the time between the date electric plant is included in electric plant in service, or electric plant leased to others, and the date of its retirement. If depreciation is accounted for on a production basis rather than on a time basis, then service life should be measured in terms of the appropriate unit of production.

original entry; however, if a utility uses a different group of account numbers and it is not practicable to show the prescribed account numbers in the various sources of original entry, such reference to the prescribed account numbers may be omitted from the various sources of original entry. Moreover, each utility using different account numbers for its own purposes shall keep readily available a list of such account numbers which it uses and a reconciliation of such account numbers with the account numbers provided herein. It is intended that the utility's records shall be so kept as to permit ready analysis by prescribed accounts (by direct reference to sources of original entry to the extent practicable) and to permit preparation of financial and operating statements directly from such records at the end of each accounting period according to the prescribed accounts.

4. *Accounting Period.*
Each utility shall keep its books on a monthly basis so that for each month all transactions applicable thereto, as nearly as may be ascertained, shall be entered in the books of the utility. Amounts applicable or assignable to specific utility departments shall be so segregated monthly. Each utility shall close its books at the end of each calendar year unless otherwise authorized by the Commission.

5. *Submittal of Questions.*
To maintain uniformity of accounting, utilities shall submit questions of doubtful interpretation to the Commission for consideration and decision.

6. *Item Lists.*
Lists of "items" appearing in the texts of the accounts or elsewhere herein are for the purpose of more clearly indicating the application of the prescribed accounting. The lists are intended to be representative, but not exhaustive. The appearance of an item in a list warrants the inclusion of the item in the account mentioned only when the text of the account also indicates inclusion inasmuch as the same item frequently appears in more than one list. The proper entry in each instance must be determined by the texts of the accounts.

7. *Delayed Items.*
Items relating to transactions which occurred prior to the current calendar year but which were not recorded in the books of account shall be included in the

identification, analysis, and verification of all facts relevant thereto.
B. The books and records referred to herein include not only accounting records in a limited technical sense, but all other records, such as minute books, stock books, reports, correspondence, memoranda, etc., which may be useful in developing the history of or facts regarding any transaction.
C. No utility shall destroy any such books or records unless the destruction thereof is permitted by rules and regulations of the Commission.
D. In addition to prescribed accounts, clearing accounts, temporary or experimental accounts, and subdivisions of any accounts, may be kept, provided the integrity of the prescribed accounts is not impaired.
E. All amounts included in the accounts prescribed herein for electric plant and operating expenses shall be just and reasonable and any payments or accruals by the utility in excess of just and reasonable charges shall be included in account 426, Other Income Deductions.

F. The arrangement or sequence of the accounts prescribed herein shall not be controlling as to the arrangement or sequence in report forms which may be prescribed by the Commission.

3. *Numbering System.*
A. The account numbering plan used herein consists of a system of three-digit whole numbers as follows:
100-199 Assets and other debits.
200-299 Liabilities and other credits.
300-399 Plant accounts.
400-439 Income accounts.
440-459 Revenue accounts.
500-599 Production, transmission and distribution expenses.
900-949 Customer accounts, sales and general administrative expenses.
B. In certain instances, numbers have been skipped in order to allow for possible later expansion or to permit better coordination with the numbering system for other utility departments.
C. The numbers prefixed to account titles are to be considered as parts of the titles. Each utility, however, may adopt for its own purposes a different system of account numbers (see also general instruction 2D) provided that the numbers herein prescribed shall appear in the descriptive headings of the ledger accounts and in the various sources of

31. "Service value" means the difference between original cost and net salvage value of electric plant.
32. "State" means a State admitted to the Union, the District of Columbia, and any organized Territory of the United States.
33. "Utility," as used herein and when not otherwise indicated in the context, means any public utility or licensee to which this system of accounts is applicable.

General Instructions

1. Classification of Utilities.

A. For the purpose of applying systems of accounts prescribed by the Commission, electric utilities and licensees are divided into four classes, as follows:
Class A. Utilities having annual electric operating revenues of \$2,500,000 or more.
Class B. Utilities having annual electric operating revenues of \$1,000,000 or more but less than \$2,500,000.
Class C. Utilities having annual electric operating revenues of \$150,000 or more but less than \$1,000,000.
Class D. Utilities having annual electric operating revenues of \$25,000 or more but less than \$150,000.

B. This system of accounts applies to Class A and Class B utilities. Those applicable to Class C and Class D utilities are issued separately.
C. The class to which any utility belongs shall originally be determined by the average of its annual electric operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual electric operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual electric operating revenues of the classification previously applicable to the utility.
D. Any utility may, at its option, adopt the system of accounts prescribed by the Commission for any larger class of utilities.

2. Records.

A. Each utility shall keep its books of account, and all other books, records, and memoranda which support the entries in such books of account so as to be able to furnish readily full information as to any item included in any account. Each entry shall be supported by such detailed information as will permit ready

same accounts which would have been charged or credited if the items had not been delayed; provided, that when the amount of a delayed item is relatively so large that its inclusion in the accounts for a single month would seriously distort the accounts, it may be distributed in equal amounts to the accounts for the current and remaining months of the calendar year; and provided further, that if the amount of any delayed item is relatively so large that its inclusion in the accounts for a single year would seriously distort the accounts, the amount shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, unless the Commission shall prescribe otherwise in specific instances.

8. *Unaudited Items.*
Whenever a financial statement is required by the Commission, if it is known that a transaction has occurred which affects the accounts but the amount involved in the transaction and its effect upon the accounts cannot be determined with absolute accuracy, the amount shall be estimated and such estimated amount included in the proper accounts. The utility is not required to anticipate minor items which would not appreciably affect the accounts.

9. *Distribution of Pay and Expenses of Employees.*
The charges to electric plant, operating expenses and other accounts for services and expenses of employees engaged in activities chargeable to various accounts, such as construction, maintenance, and operations, shall be based upon the actual time engaged in the respective classes of work, or in case that method is impracticable, upon the basis of a study of the time actually engaged during a representative period.

10. *Payroll Distribution.*
Underlying accounting data shall be maintained so that the distribution of the cost of labor charged direct to the various accounts will be readily available. Such underlying data shall permit a reasonably accurate distribution to be made of the cost of labor charged initially to clearing accounts so that the total labor cost may be classified among construction, cost of removal, electric operating functions (steam generation, nuclear generation, hydraulic generation, transmission, distribution, etc.) and nonutility operations.

operating unit or system, except as otherwise provided in the texts of the intangible plant accounts, shall be stated at the cost incurred by the person who first devoted the property to utility service. All other electric plant shall be included in the accounts at the cost incurred by the utility. Where the term "cost" is used in the detailed plant accounts, it shall have the meaning stated in this paragraph.

B. When the consideration given for property is other than cash, the value of such consideration shall be determined on a cash basis (see, however, definition 8). In the entry recording such transaction, the actual consideration shall be described with sufficient particularity to identify it. The utility shall be prepared to furnish the Commission the particulars of its determination of the cash value of the consideration if other than cash.

C. When property is purchased under a plan involving deferred payments, no charge shall be made to the electric plant accounts for interest, insurance, or other expenditures occasioned solely by such form of payment.

D. Electric plant contributed to the utility or constructed by it from contributions to it of cash or its equivalent shall be charged to the electric plant accounts at cost of construction, estimated if not known. There shall be credited to the accounts for accumulated depreciation and amortization the estimated amount of depreciation and amortization applicable to the property at the time of its contribution to the utility. The difference between the amounts included in the electric plant accounts and the accumulated depreciation and amortization shall be credited to account 271, Contributions in Aid of Construction.

3. Components of Construction Cost.

The cost of construction properly includible in the electric plant accounts shall include, where applicable, the direct and overhead costs as listed and defined hereunder:

(1) "Contract work" includes amounts paid for work performed under contract by other companies, firms, or individuals, costs incident to the award of such contracts, and the inspection of such work.

(2) "Labor" includes the pay and expenses of employees of the utility engaged on construction work, and related workmen's compensation insurance, pay-

as determined under the prior system of accounts, should be carried forward. Any remaining balance of plant which has not yet been classified, pursuant to the requirements of the prior system, shall be classified in accordance with the following instructions.

B. The cost to the utility of its unclassified plant shall be ascertained by analysis of the utility's records. Adjustments shall not be made to record in utility plant accounts amounts previously charged to operating expenses or to income deductions in accordance with the uniform system of accounts in effect at the time or in accordance with the discretion of management as exercised under a uniform system of accounts, or under accounting practices previously followed.

C. The detailed electric plant accounts (301 to 399, inclusive) shall be stated on the basis of cost to the utility of plant constructed by it and the original cost, estimated if not known, of plant acquired as an operating unit or system. The difference between the original cost, as above, and the cost to the utility of electric plant after giving effect to any accumulated provision for depreciation or amortization and contributions in aid of construction applicable to the property acquired if recorded by the accounting utility at the time of acquisition, shall be recorded in account 114, Electric Plant Acquisition Adjustments. The original cost of electric plant shall be determined by analysis of the utility's records or those of predecessor or vendor companies with respect to electric plant previously acquired as operating units or systems and the difference between the original cost so determined, less accumulated provisions for depreciation and amortization and contributions in aid of construction if recorded by the accounting utility, and the cost to the utility, with necessary adjustments for retirements from date of acquisition, shall be entered in account 114, Electric Plant Acquisition Adjustments. Any difference between the cost of electric plant and its book cost, when not properly includible in other accounts, shall be recorded in account 116, Other Electric Plant Adjustments.

2. Electric Plant To Be Recorded at Cost.

A. All amounts included in the accounts for electric plant acquired as an

the utility but which are neither direct nor assumed liabilities at the date of the balance sheet. The utility shall be prepared to give a complete statement of significant contingent assets and liabilities (including cumulative dividends on preference stock) in its annual report and at such other times as may be requested by the Commission.

16. Separate Accounts or Records for Each Licensed Project.

The accounts or records of each licensee shall be so kept as to show for each project under license:

(a) the actual legitimate original cost of the project, including the original cost (or fair value as determined under section 23 of the Federal Power Act) of the original project, the original cost of additions thereto and betterments thereof, credits for property retired from service, and credits for related contributions in aid of construction, as determined under the Commission's regulations;

(b) the charges for operation and maintenance of the project property directly assignable to the project;

(c) the credits and debits to the depreciation reserve account, and the balance in such account;

(d) the credits and debits to operating revenue, income, and surplus accounts that can be identified with and directly assigned to the project.

Note: The purpose of this instruction is to insure that accounts or records are currently maintained by each licensee from which reports may be made to the Commission for use in determining the net investment in each licensed project. The instruction covers only the debit and credit items appearing in the licensee's accounts which may be identified with and assigned directly to any licensed project. In the determination of the net investment as defined in section 3 of the Federal Power Act, allocations of items affecting the net investment may be required where direct assignment is not practicable.

Electric Plant Instructions

1. Classification of Electric Plant at Effective Date of System of Accounts.

A. The electric plant accounts provided herein are the same as those contained in the prior system of accounts except for inclusion of accounts for nuclear production plant and some changes in classification in the general equipment accounts. Except for these changes, the balances in the various plant accounts,

11. *Operating Reserves.*
Accretions to operating reserve accounts made by charges to operating expenses shall not exceed a reasonable provision for the expense. Material balances in such reserve accounts shall not be diverted from the purpose for which provided unless the permission of the Commission is first obtained.

12. *Records for Each Plant.*
Separate records shall be maintained by electric plant accounts of the book cost of each plant owned, including additions by the utility to plant leased from others, and of the cost of operating and maintaining each plant owned or operated. The term "plant" as here used means each generating station and each transmission line or appropriate group of transmission lines.

13. *Accounting for Other Departments.*
If the utility also operates other utility departments, such as gas, water, etc., it shall keep such accounts for the other departments as may be prescribed by proper authority and in the absence of prescribed accounts, it shall keep such accounts as are proper or necessary to reflect the results of operating each such department. It is not intended that proprietary and similar accounts which apply to the utility as a whole shall be departmentalized.

14. *Transactions With Associated Companies.*
Each utility shall keep its accounts and records so as to be able to furnish accurately and expeditiously statements of all transactions with associated companies. The statements may be required to show the general nature of the transactions, the amounts involved therein and the amounts included in each account prescribed herein with respect to such transactions. Transactions with associated companies shall be recorded in the appropriate accounts for transactions of the same nature. Nothing herein contained, however, shall be construed as restraining the utility from subdividing separately transactions with associated companies.

15. *Contingent Assets and Liabilities.*
Contingent assets represent a possible source of value to the utility contingent upon the fulfillment of conditions regarded as uncertain. Contingent liabilities include items which may under certain conditions become obligations of

roll taxes and similar items of expense. It does not include the pay and expenses of employees which are distributed to construction through clearing accounts nor the pay and expenses included in other items hereunder.

(3) "Materials and supplies" includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the utility's shop. In determining the cost of materials and supplies used for construction, proper allowance shall be made for unused materials and supplies, for materials recovered from temporary structures used in performing the work involved, and for discounts allowed and realized in the purchase of materials and supplies.

NOTE: The cost of individual items of equipment of small value (for example, \$50 or less) or of short life, including small portable tools and implements, shall not be charged to utility plant accounts unless the correctness of the accounting therefor is verified by current inventories. The cost shall be charged to the appropriate operating expense or clearing accounts, according to the use of such items, or if such items are consumed directly in construction work, the cost shall be included as part of the cost of the construction.

(4) "Transportation" includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the utility's own transportation equipment. (See item 5 following.)

(5) "Special machine service" includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor saving machines; also expenditures for rental, maintenance and operation of machines of others. It does not include the cost of small tools and other individual items of small value or short life which are included in the cost of materials and supplies. (See item 3, above.) When a particular construction job requires the use for an extended period of time of special machines, transportation or other equipment, the net

book cost thereof, less the appraised or salvage value at time of release from the job, shall be included in the cost of construction.

(6) "Shop service" includes the portion of the expense of the utility's shop department assignable to construction work except that the cost of fabricated materials from the utility's shop shall be included in "materials and supplies."

(7) "Protection" includes the cost of protecting the utility's property from fire or other casualties and the cost of preventing damages to others, or to the property of others including payments for discovery or extinguishment of fires, cost of apprehending and prosecuting incendiaries, witness fees in relation thereto, amounts paid to municipalities and others for fire protection, and other analogous items of expenditures in connection with construction work.

(8) "Injuries and damages" includes expenditures or losses in connection with construction work on account of injuries to persons and damages to the property of others; also the cost of investigation of and defense against actions for such injuries and damages. Insurance recovered or recoverable on account of compensation paid for injuries to persons incident to construction shall be credited to the account or accounts to which such compensation is charged. Insurance recovered or recoverable on account of property damages incident to construction shall be credited to the account or accounts charged with the cost of the damages.

(9) "Privileges and permits" includes payments for and expenses incurred in securing temporary privileges, permits or rights in connection with construction work, such as for the use of private or public property, streets, or highways, but it does not include rents, or amounts chargeable as franchises and consents for which see account 302, Franchises and Consents.

(10) "Rents" includes amounts paid for the use of construction quarters and office space occupied by construction forces and amounts properly includible in construction costs for such facilities jointly used.

(11) "Engineering and supervision" includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and

their assistants applicable to construction work.

(12) "General administration capitalized" includes the portion of the pay and expenses of the general officers and administrative and general expenses applicable to construction work.

(13) "Engineering services" includes amounts paid to other companies, firms, or individuals engaged by the utility to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.

(14) "Insurance" includes premiums paid or amounts provided or reserved as self-insurance for the protection against loss and damages in connection with construction, by fire or other casualty, injuries to or death of persons other than employees, damages to property of others, defalcation of employees and agents, and the nonperformance of contractual obligations of others. It does not include workmen's compensation or similar insurance on employees included as "labor" in item 2, above.

(15) "Law expenditures" includes the general law expenditures incurred in connection with construction and the court and legal costs directly related thereto, other than law expenses included in protection, item 7, and in injuries and damages, item 8.

(16) "Taxes" includes taxes on physical property (including land) during the period of construction and other taxes properly includible in construction costs before the facilities become available for service.

(17) "Interest during construction" includes the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate on other funds when so used. No interest charges shall be included in these accounts upon expenditures for construction projects which have been abandoned.

NOTE: When a part only of a plant or project is placed in operation or is completed and ready for service but the construction work as a whole is incomplete, that part of the cost of the property placed in operation, or ready for service, shall be treated as "Electric Plant in Service" and interest thereon as a charge to construction shall cease. Interest on that part of the cost of the plant which is incomplete may be continued as a charge to construction until such time as it is placed

in operation or is ready for service, except as limited in item 17, above.

(18) "Earnings and expenses during construction." The earnings and expenses during construction shall constitute a component of construction costs.

(a) The earnings shall include revenues received or earned for power produced by generating plants during the construction period and sold or used by the utility. Where such power is sold to an independent purchaser before intermingling with power generated by other plants, the credit shall consist of the selling price of the energy. Where the power generated by a plant under construction is delivered to the utility's electric system for distribution and sale, or is delivered to an associated company, or is delivered to and used by the utility for purposes other than distribution and sale (for manufacturing or industrial use, for example), the credit shall be the fair value of the energy so delivered. The revenues shall also include rentals for lands, buildings, etc., and miscellaneous receipts not properly includible in other accounts.

(b) The expenses shall consist of the cost of operating the power plant, and other costs incident to the production and delivery of the power for which construction is credited under paragraph (a), above, including the cost of repairs and other expenses of operating and maintaining lands, buildings, and other property, and other miscellaneous and like expenses not properly includible in other accounts.

4. Overhead Construction Costs.

A. All overhead construction costs, such as engineering, supervision, general office salaries and expenses, construction engineering and supervision by others than the accounting utility, law expenses, insurance, injuries and damages, relief and pensions, taxes and interest, shall be charged to particular jobs or units on the basis of the amounts of such overheads reasonably applicable thereto, to the end that each job or unit shall bear its equitable proportion of such costs and that the entire cost of the unit, both direct and overhead, shall be deducted from the plant accounts at the time the property is retired.

B. As far as practicable, the determination of pay roll charges includible in construction overheads shall be based on time card distributions thereof. Where

this procedure is impractical, special studies shall be made periodically of the time of supervisory employees devoted to construction activities to the end that only such overhead costs as have a definite relation to construction shall be capitalized. The addition to direct construction costs of arbitrary percentages or amounts to cover assumed overhead costs is not permitted.

C. The records supporting the entries for overhead construction costs shall be so kept as to show the total amount of each overhead for each year, the nature and amount of each overhead expenditure charged to each construction work order and to each electric plant account, and the bases of distribution of such costs.

5. *Electric Plant Purchased or Sold.*

A. When electric plant constituting an operating unit or system is acquired by purchase, merger, consolidation, liquidation, or otherwise, after the effective date of this system of accounts, the costs of acquisition, including expenses incidental thereto properly includible in electric plant, shall be charged to account 102, Electric Plant Purchased or Sold.

B. The accounting for the acquisition shall then be completed as follows:

- (1) The original cost of plant, estimated if not known, shall be credited to account 102, Electric Plant Purchased or Sold, and concurrently charged to the appropriate electric plant in service accounts and to account 104, Electric Plant Leased to Others, account 105, Electric Plant Held for Future Use, and account 107, Construction Work in Progress—Electric, as appropriate.

- (2) The depreciation and amortization applicable to the original cost of the properties purchased shall be charged to account 102, Electric Plant Purchased or Sold, and concurrently credited to the appropriate account for accumulated provision for depreciation or amortization.

(3) The cost to the utility of any property includible in account 121, Nonutility Property, shall be transferred thereto.

(4) The amount of contributions in aid of construction applicable to the property acquired, shall be charged to account 102, Electric Plant Purchased or Sold, and concurrently credited to account 271, Contributions in Aid of Construction, unless otherwise authorized by the Commission.

Debits to Surplus. (See account 102, Electric Plant Purchased or Sold.)

NOTE: In cases where existing utilities merge or consolidate because of financial or operating reasons or statutory requirements rather than as a means of transferring title of purchased properties to a new owner, the accounts of the constituent utilities, with the approval of the Commission, may be combined. In the event original cost has not been determined, the resulting utility shall proceed to determine such cost as outlined herein.

6. *Expenditures on Leased Property.*

A. The cost of substantial initial improvements (including repairs, rearrangements, additions, and betterments) made in the course of preparing for utility service property leased for a period of more than one year, and the cost of subsequent substantial additions, replacements, or betterments to such property, shall be charged to the electric plant account appropriate for the class of property leased. If the service life of the improvements is terminable by action of the lease, the cost, less net salvage, of the improvements shall be spread over the life of the lease by charges to account 404, Amortization of Limited-Term Electric Plant. However, if the service life is not terminated by action of the lease but by depreciation proper, the cost of the improvements, less net salvage, shall be accounted for as depreciable plant.

B. If improvements made to property leased for a period of more than one year are of relatively minor cost, or if the lease is for a period of not more than one year, the cost of the improvements shall be charged to the account in which the rent is included, either directly or by amortization thereof.

7. *Land and Land Rights.*

A. The accounts for land and land rights shall include the cost of land owned in fee by the utility and rights, interests, and privileges held by the utility in land owned by others, such as leaseholds, easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land.

B. Where special assessments for public improvements provide for deferred payments, the full amount of the assessments shall be charged to the appropriate land account and the unpaid balance shall be carried in an appropriate liability account. Interest on unpaid bal-

ances shall be charged to the appropriate interest account. If any part of the cost of public improvements is included in the general tax levy, the amount thereof shall be charged to the appropriate tax account.

C. The net profit from the sale of timber, cord wood, or other property acquired with rights of way or other lands shall be credited to the appropriate land and land rights or clearing land account. Where land is held for a considerable period of time and timber on the land at the time of purchase increases in value, the net profit (after giving effect to the cost of the timber) from the sales of timber or its products shall be credited to account 421, Miscellaneous Nonoperating Income.

D. Separate entries shall be made for the acquisition, transfer, or retirement of each parcel of land, and each land right (except rights of way for distribution lines), or water right, having a life of more than one year. A record shall be maintained showing the nature of ownership, full legal description, area, map reference, purpose for which used, city, county, and tax district on which situated, from whom purchased or to whom sold, payment given or received, other costs, contract date and number, date of recording of deed, and book and page of record. Entries transferring or retiring land or land rights shall refer to the original entry recording its acquisition.

E. Any difference between the amount received from the sale of land or land rights, less agents' commissions and other costs incident to the sale, and the book cost of such land or rights, shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate, unless a reserve therefor has been authorized and provided. Appropriate adjustments of the accounts shall be made with respect to any structures or improvements located on land sold.

F. The cost of buildings and other improvements (other than public improvements) shall not be included in the land accounts. If at the time of acquisition of an interest in land such interest extends to buildings or other improvements (other than public improvements), which are then devoted to utility operations, the land and improvements shall be separately appraised and the cost al-

- located to land and buildings or improvements on the basis of the appraisals. If the improvements are removed or wrecked without being used in operations, the cost of removing or wrecking shall be charged to the salvage credited to the account in which the cost of the land is recorded.
- G. When the purchase of land for electric operations requires the purchase of more land than needed for such purposes, the charge to the specific land account shall be based upon the cost of the land purchased, less the fair market value of that portion of the land which is not to be used in utility operations. The portion of the cost measured by the fair market value of the land not to be used shall be included in account 105, Electric Plant Held for Future Use, or account 121, Nonutility Property, as appropriate.
- H. Provisions shall be made for amortizing amounts carried in the accounts for limited-term interests in land so as to apportion equitably the cost of each interest over the life thereof. (See account 111, Accumulated Provision for Amortization of Electric Plant in Service, and account 404, Amortization of Limited-Term Electric Plant.)
- I. The items of cost to be included in the accounts for land and land rights are as follows:
 1. Bulkheads, buried, not requiring maintenance or replacement.
 2. Cost, first, of acquisition including mortgages and other liens assumed (but not subsequent interest thereon).
 3. Clearing (first cost) the land of brush, trees, and debris, except in the case of account 332, Reservoirs, Dams and Waterways, and account 351 (Transmission Plant), Clearing Land and Rights of Way.
 4. Condemnation proceedings, including court and counsel costs.
 5. Consents and abutting damages, payment for.
 6. Conveyancers' and notaries' fees.
 7. Fees, commissions, and salaries to brokers, agents and others in connection with the acquisition of the land or land rights.
 8. Grading the land, except when directly occasioned by the building of a structure.
 9. Leases, cost of voiding upon purchase to secure possession of land.
 10. Removing, relocating, or reconstructing, property of others, such as buildings, highways, railroads, bridges, cemeteries, churches, telephone and power lines, etc., in order to acquire quiet possession.
 11. Retaining walls unless identified with structures.
12. Special assessments levied by public authorities for public improvements on the basis of benefits for new roads, new bridges, new sewers, new curbing, new pavements, and other public improvements, but not taxes levied to provide for the maintenance of such improvements.
13. Surveys in connection with the acquisition, but not amounts paid for topographical surveys and maps where such costs are attributable to structures or plant equipment erected or to be erected or installed on such land.
14. Taxes assumed, accrued to date of transfer of title.
15. Title, examining, clearing, insuring, and registering in connection with the acquisition and defending against claims relating to the period prior to the acquisition.
16. Appraisals prior to closing title.
17. Cost of dealing with distributees or legatees residing outside of the state or county, such as recording power of attorney, recording will or exemplification of will, recording satisfaction of state tax.
18. Filing satisfaction of mortgage.
19. Documentary stamps.
20. Photographs of property at acquisition.
21. Fees and expenses incurred in the acquisition of water rights and grants.
22. Cost of fill to extend bulkhead line over land under water, where riparian rights are held, which is not occasioned by the erection of a structure.
23. Sidewalks and curbs constructed by the utility on public property.
24. Labor and expenses in connection with securing rights of way, where performed by company employees and company agents.
8. *Structures and Improvements.*
 - A. The accounts for structures and improvements shall include the cost of all buildings and facilities to house, support, or safeguard property or persons, including all fixtures permanently attached to and made a part of buildings and which cannot be removed therefrom without cutting into the walls, ceilings, or floors, or without in some way impairing the buildings, and improvements of a permanent character on or to land.
 - B. The cost of specially provided foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.
 - C. Minor buildings and structures, such as valve towers, patrolmen's towers, telephone stations, etc., which are used directly in connection with or form a part of a reservoir, dam, waterway, etc., shall be considered a part of the facility in connection with which constructed or operated and the cost thereof accounted for accordingly.
 - D. Where furnaces and boilers are used primarily for furnishing steam for some particular department and only incidentally for furnishing steam for heating a building and operating the equipment therein, the entire cost of such furnaces and boilers shall be charged to the appropriate plant account, and no part to the building account.
 - E. Where the structure of a dam forms also the foundation of the power plant building, such foundation shall be considered a part of the dam.
 - F. The cost of disposing of materials excavated in connection with construction of structures shall be considered as a part of the cost of such work, except as follows: (a) When such material is used for filling, the cost of loading, hauling, and dumping shall be equitably apportioned between the work in connection with which the removal occurs and the work in connection with which the material is used; (b) When such material is sold, the net amount realized from such sales shall be credited to the work in connection with which the removal occurs. If the amount realized from the sale of excavated materials exceeds the removal costs and the costs in connection with the sale, the excess shall be credited to the land account in which the site is carried.
 - G. Lighting or other fixtures temporarily attached to buildings for purposes of display or demonstration shall not be included in the cost of the building but in the appropriate equipment account.
 - H. The items of cost to be included in the accounts for structures and improvements are as follows:
 1. Architects' plans and specifications including supervision.
 2. Ash pits (when located within the building).
 3. Athletic field structures and improvements.
 4. Boilers, furnaces, piping, wiring, fixtures, and machinery for heating, lighting, signaling, ventilating, and air conditioning systems, plumbing, vacuum cleaning systems, incinerator and smoke pipe, flues, etc.
 5. Bulkheads, including dredging, riprap fill, piling, decking, concrete, fenders, etc., when exposed and subject to maintenance and replacement.
 6. Chimneys.
 7. Coal bins and bunkers.
8. Commissions and fees to brokers, agents, architects and others.
9. Conduit (not to be removed) with its contents.
10. Damages to abutting property during construction.
11. Docks.
12. Door checks and door stops.
13. Drainage and sewerage systems.
14. Elevators, cranes, hoists, etc., and the machinery for operating them.
15. Excavation, including shoring, bracing, bridging, re-fill and disposal of excess excavated material, cofferdams around foundation, pumping water from cofferdams during construction, and test borings.
16. Fences and fence curbs (not including protective fences isolating items of equipment, which shall be charged to the appropriate equipment account).
17. Fire protection systems when forming a part of a structure.
18. Flagpole.
19. Floor covering (permanently attached).
20. Foundations and piers for machinery, constructed as a permanent part of a building or other item listed herein.
21. Grading and clearing when directly occasioned by the building of a structure.
22. Infringe communication systems, poles, pole fixtures, wires and cables.
23. Landscaping, lawns, shrubbery, etc.
24. Leases, voiding upon purchase to secure possession of structures.
25. Leased property, expenditures on.
26. Lighting fixtures and outside lighting system.
27. Mailchutes when part of a building.
28. Marquee, permanently attached to building.
29. Painting, first cost.
30. Permanent paving, concrete, brick, flagstone, asphalt, etc., within the property lines.
31. Partitions, including movable.
32. Permits and privileges.
33. Platforms, railings and gratings when constructed as a part of a structure.
34. Power boards for services to a building.
35. Refrigerating systems for general use.
36. Retaining walls except when identified with land.
37. Roadways, railroads, bridges, and structures in easement except railroads provided for in equipment accounts.
38. Roofs.
39. Scales, connected to and forming a part of a structure.
40. Screens.
41. Sewer systems, for general use.
42. Sidewalks, culverts, curbs and streets constructed by the utility on its property.
43. Sprinkling systems.
44. Sump pumps and pits.
45. Stacks—brick, steel, or concrete, when set on foundation forming part of general foundation and steelwork of a building.
46. Steel inspection during construction.

erty affected more useful, more efficient, of greater durability, or of greater capacity, the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate electric plant account.

D. The book cost of electric plant retired shall be the amount at which such property is included in the electric plant accounts, including all components of construction costs. The book cost shall be determined from the utility's records and if this cannot be done, it shall be estimated. When it is impracticable to determine the book cost of each unit, small cost thereof, an appropriate average book cost of the units, with due allowance for any differences in size and character, shall be used as the book cost of the units retired.

E. The book cost of land retired shall be credited to the appropriate land account. If the land is sold, the difference between the book cost (less any accumulated provision for depreciation or amortization thereof which has been authorized and provided) and the sale price of the land (less commissions and other expenses of making the sale) shall be included in account 434, Miscellaneous Credits to Surplus or account 435, Miscellaneous Debits to Surplus, as appropriate. If the land is not used in utility service but is retained by the utility, the book cost shall be charged to account 105, Electric Plant Held for Future Use, or account 121, Nonutility Property, as appropriate.

F. The book cost less net salvage of depreciable electric plant retired shall be charged in its entirety to account 108, Accumulated Provision for Depreciation of Electric Plant in Service. Any amounts which, by approval or order of the Commission, are charged to account 182, Extraordinary Property Losses, shall be credited to account 108.

G. The accounting for the retirement of amounts included in account 302, Franchises and Consents, and account 303, Miscellaneous Intangible Plant, and the items of limited-term interest in land included in the accounts for land and land rights, shall be as provided for in the text of account 111, Accumulated Provision for Amortization of Electric Plant in Service, account 404, Amortization of Limited-Term Electric Plant, and

(1) When a retirement unit is added to electric plant, the cost thereof shall be added to the appropriate electric plant account, except that when units are acquired in the acquisition of any electric plant constituting an operating system, they shall be accounted for as provided in electric plant instruction 5.

(2) When a retirement unit is retired from electric plant, with or without replacement, the book cost thereof shall be credited to the electric plant account in which it is included, determined in the manner set forth in paragraph D, below. If the retirement unit is of a depreciable class, the book cost of the unit retired and credited to electric plant shall be charged to the accumulated provision for depreciation applicable to such property. The cost of removal and the salvage shall be charged or credited, as appropriate, to such depreciation account.

C. The addition and retirement of minor items of property shall be accounted for as follows:

(1) When a minor item of property which did not previously exist is added to plant, the cost thereof shall be accounted for in the same manner as for the addition of a retirement unit, as set forth in paragraph B(1), above, if a substantial addition results, otherwise the charge shall be to the appropriate maintenance expense account.

(2) When a minor item of property is retired and not replaced, the book cost thereof shall be credited to the electric plant account in which it is included; and, in the event the minor item is a part of depreciable plant, the account for accumulated provision for depreciation shall be charged with the book cost and cost of removal and credited with the salvage. If, however, the book cost of the minor item retired and not replaced has been or will be accounted for by its inclusion in the retirement unit of which it is a part when such unit is retired, no separate credit to the property account is required when such minor item is retired.

(3) When a minor item of depreciable property is replaced independently of the retirement unit of which it is a part, the cost of replacement shall be charged to the maintenance account appropriate for the item, except that if the replacement effects a substantial betterment (the primary aim of which is to make the prop-

erty affected more useful, more efficient, of greater durability, or of greater capacity, the excess cost of the replacement over the estimated cost at current prices of replacing without betterment shall be charged to the appropriate electric plant account.

D. The equipment accounts shall include angle irons and similar items which are installed at the base of an item of equipment, but piers and foundations which are designed to be as permanent as the buildings which house the equipment, or which are constructed as a part of the building and which cannot be removed without cutting into the walls, ceilings or floors or without in some way impairing the building, shall be included in the building accounts.

D. The equipment accounts shall include the necessary costs of testing or running a plant or part thereof during an experimental or test period prior to becoming available for service. The utility shall furnish the Commission with full particulars of and justification for any test or experimental run extending beyond a period of thirty days.

E. The cost of efficiency or other tests made subsequent to the date equipment becomes available for service shall be charged to the appropriate expense accounts, except that tests to determine whether equipment meets the specifications and requirements as to efficiency, performance, etc., guaranteed by manufacturers, made after operations have commenced and within the period specified in the agreement or contract of purchase, may be charged to the appropriate electric plant account.

10. Additions and Retirements of Electric Plant.

A. For the purpose of avoiding undue refinement in accounting for additions to and retirements and replacements of electric plant, all property shall be considered as consisting of (1) retirement units and (2) minor items of property. Each utility shall use such list of retirement units as is in use by it at the effective date hereof or as may be prescribed by the Commission, with the option, however, of using smaller units, provided the utility's practice in this respect is consistent.

B. The addition and retirement of retirement units shall be accounted for as follows:

47. Storage facilities constituting a part of a building.

48. Storm doors and windows.

49. Subways, areaways, and tunnels, directly connected to and forming part of a structure.

50. Tanks, constructed as part of a building or as a distinct structural unit.

51. Temporary heating during construction (net cost).

52. Temporary water connection during construction (net cost).

53. Temporary shanties and other facilities used during construction (net cost).

54. Topographical maps.

55. Tunnels, intake and discharge, when constructed as part of a structure, including sluice gates, and those constructed to house mains.

56. Vaults constructed as part of a building.

57. Watchmen's sheds and clock systems (net cost when used during construction only).

58. Water basins or reservoirs.

59. Water front improvements.

60. Water meters and supply system for a building or for general company purposes.

61. Water supply piping, hydrants and wells.

62. Wharves.

63. Window shades and ventilators.

64. Yard drainage system.

65. Yard lighting system.

66. Yard surfacing, gravel, concrete, or oil. (First cost only.)

NOTE: Structures and Improvements accounts shall be credited with the cost of coal bunkers, stacks, foundations, subways, tunnels, etc., the use of which has terminated with the removal of the equipment with which they are associated even though they have not been physically removed.

9. Equipment.

A. The cost of equipment chargeable to the electric plant accounts, unless otherwise indicated in the text of an equipment account, includes the net purchase price thereof, sales taxes, investigation and inspection expenses necessary to such purchase, expenses of transportation when borne by the utility, labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing the equipment in readiness to operate.

B. Exclude from equipment accounts hand and other portable tools, which are likely to be lost or stolen or which have relatively small value (for example, \$50 or less) or short life, unless the correctness of the accounting therefor as electric plant is verified by current inventories. Special tools acquired and included in the purchase price of equipment shall be in-

necessary in order to arrive at the amount to be included in any account, the method and basis of allocation shall be reflected by underlying records.

ITEMS

Labor

1. Special tests to determine efficiency of equipment operation.
2. Preparing or reviewing budgets, estimates, and drawings relating to operation or maintenance for departmental approval.
3. Preparing instructions for operations and maintenance activities.
4. Reviewing and analyzing operating results.
5. Establishing organizational setup of departments and executing changes therein.
6. Formulating and reviewing routines of departments and executing changes therein.
7. General training and instruction of employees by supervisors whose pay is chargeable hereto. Specific instruction and training in a particular type of work is chargeable to the appropriate functional account.
8. Secretarial work for supervisory personnel, but not general clerical and stenographic work chargeable to other accounts.

Expenses

9. Consultants' fees and expenses.
10. Meals, traveling and incidental expenses.

2. Maintenance.

A. The cost of maintenance chargeable to the various operating expense and clearing accounts includes labor, materials, overheads and other expenses incurred in maintenance work. A list of work operations applicable generally to utility plant is included hereunder. Other work operations applicable to specific classes of plant are listed in functional maintenance expense accounts.

B. Materials recovered in connection with the maintenance of property shall be credited to the same account to which the maintenance cost was charged.

C. If the book cost of any property is carried in account 102, Electric Plant Purchased or Sold, the cost of maintaining such property shall be charged to the accounts for maintenance of property of the same class and use, the book cost of which is carried in other electric plant in service accounts. Maintenance of property leased from others shall be treated as provided in operating expense instruction 3.

ITEMS

1. Direct field supervision of maintenance.
2. Inspecting, testing, and reporting on

(2) All land, structures, lines, switching and conversion stations, high tension apparatus, and their control and protective equipment between a generating or receiving point and the entrance to a distribution center or wholesale point; and

(3) All lines and equipment whose primary purpose is to augment, integrate or tie together the sources of power supply. B. "Distribution system" means all land, structures, conversion equipment, lines, line transformers, and other facilities employed between the primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) and of delivery to customers, which are not includible in transmission system, as defined in paragraph A, whether or not such land, structures, and facilities are operated as part of a transmission system or as part of a distribution system.

NOTE: Stations which change electricity from transmission to distribution voltage shall be classified as distribution stations.

C. Where poles or towers support both transmission and distribution conductors, the poles, towers, anchors, guys, and rights of way shall be classified as transmission system. The conductors, cross-arms, braces, grounds, tie wires, insulators, etc., shall be classified as transmission or distribution facilities, according to the purpose for which used.

D. Where underground conduit contains both transmission and distribution conductors, the underground conduit and right of way shall be classified as distribution system. The conductors shall be classified as transmission or distribution facilities according to the purpose for which used.

E. Land (other than rights of way) and structures used jointly for transmission and distribution purposes shall be classified as transmission or distribution according to the major use thereof.

Operating Expense Instructions

1. Supervision and Engineering.

The supervision and engineering includible in the operating expense accounts shall consist of the pay and expenses of superintendents, engineers, clerks, other employees and consultants engaged in supervising and directing the operation and maintenance of each utility function. Wherever allocations are

services currently in the accounts, such property, with the approval of the Commission, may be designated and classified as "common utility plant."

B. The book amount of utility plant designated as common plant shall be included in account 118, Other Utility Plant, and if applicable in part to the electric department, shall be segregated and accounted for in subaccounts as electric plant is accounted for in accounts 101 to 107, inclusive, and electric plant adjustments in account 116; any amounts classifiable as common plant acquisition adjustments or common plant adjustments shall be subject to disposition as provided in paragraphs C and B of accounts 114 and 116, respectively, for amounts classified in those accounts. The original cost of common utility plant in service shall be classified according to detailed utility plant accounts appropriate for the property.

C. The utility shall be prepared to show at any time and to report to the Commission annually, or more frequently, if required, and by utility plant accounts (301 to 399) the following: (1) The book cost of common utility plant, (2) The allocation of such cost to the respective departments using the common utility plant, and (3) The basis of the allocation. D. The accumulated provision for depreciation and amortization of the utility shall be segregated so as to show the amount applicable to the property classified as common utility plant.

E. The expenses of operation, maintenance, rents, depreciation and amortization of common utility plant shall be recorded in the accounts prescribed herein, but designated as common expenses, and the allocation of such expenses to the departments using the common utility plant shall be supported in such manner as to reflect readily the basis of allocation used.

14. Transmission and Distribution Plant.

For the purpose of this system of accounts:

A. "Transmission system" means:

(1) All land, conversion structures, and equipment employed at a primary source of supply (i.e., generating station, or point of receipt in the case of purchased power) to change the voltage or frequency of electricity for the purpose of its more efficient or convenient transmission;

account 405, Amortization of Other Electric Plant.

11. Work Order and Property Record System Required.

A. Each utility shall record all construction and retirements of electric plant by means of work orders or job orders. Separate work orders may be opened for additions to and retirements of electric plant or the retirements may be included with the construction work order, provided, however, that all items relating to the retirements shall be kept separate from those relating to construction and provided, further, that any maintenance costs involved in the work shall likewise be segregated.

B. Each utility shall keep its work order system so as to show the nature of each addition to or retirement of electric plant, the total cost thereof, the source or sources of costs, and the electric plant account or accounts to which charged or credited. Work orders covering jobs of short duration may be cleared monthly.

C. Each utility shall maintain records in which, for each plant account, the amounts of the annual additions and retirements, subsequent to the effective date of this system of accounts, are classified so as to show the number and cost of the various record units or retirements.

12. Transfers of Property.

When property is transferred from one electric plant account to another, from one utility department to another, such as from electric to gas, from one operating division or area to another, to or from accounts 101, Electric Plant in Service, 104, Electric Plant Leased to Others, 105, Electric Plant Held for Future Use, and 121, Nonutility Property, the transfer shall be recorded by transferring the original cost thereof from the one account, department, or location to the other. Any related accumulated provision for depreciation or amortization shall be transferred in accordance with the segregation of such accounts.

13. Common Utility Plant.

A. If the utility is engaged in more than one utility service, such as electric, gas, and water, and any of its utility plant is used in common for several utility services or for other purposes to such an extent and in such manner that it is impracticable to segregate it by utility

condition of plant specifically to determine the need for repairs, replacements, arrangements and changes and inspecting and testing the adequacy of repairs which have been made.	D. The cost incurred by the lessee of additions and replacements to electric plant leased from others shall be accounted for as provided in electric plant instruction 6.		Special deposits.		Other paid-in capital.	
	Balance Sheet Accounts		Interest special deposits.		Premium on capital stock.	
	ASSETS AND OTHER DEBITS		Other special deposits.		Donations received from stockholders.	
	1. UTILITY PLANT		Working funds.		Reduction in par or stated value of capital stock.	
	Electric plant.		Notes on cash investments.		Gain on resale or cancellation of reacquired capital stock.	
	Electric plant in service.		Notes on 1 accounts receivable.		Miscellaneous paid-in capital.	
	Electric plant purchased or sold.		Customer accounts receivable.		Installments received on capital stock.	
	Electric plant in process of reclassification.		Other accounts receivable.		Discount on capital stock.	
	Electric plant leased to others.		Accumulated provision for uncollectible accounts—credit.		Capital stock expense.	
	Completed construction not classified—Electric.		Receivables from associated companies.		Appropriated earned surplus.	
3. Work performed specifically for the purpose of preventing failure, restoring serviceability or maintaining life of plant.	Construction work in progress—Electric.		Notes receivable from associated companies.		Unappropriated earned surplus.	
	Accumulated provision for depreciation and amortization.		Accounts receivable from associated companies.		Reacquired capital stock.	
	Accumulated provision for depreciation of electric plant in service.		Material and supplies.		6. Long-Term Debt	
	Accumulated provision for depreciation of electric plant leased to others.		Fuel stock.		Bonds.	
	Accumulated provision for depreciation of electric plant held for future use.		Fuel stock expenses undistributed.		Bonds.	
	Accumulated provision for amortization of electric plant in service.		Residuals.		Reacquired bonds.	
	Accumulated provision for amortization of electric plant leased to others.		Plant materials and operating supplies.		Advances from associated companies.	
	Accumulated provision for depreciation of electric plant held for future use.		Merchandise.		Other long-term debt.	
	Accumulated provision for amortization of electric plant in service.		Other materials and supplies.		7. CURRENT AND ACCRUED LIABILITIES	
	Accumulated provision for amortization of electric plant leased to others.		Nuclear fuel assemblies and components—In reactor.		Notes payable.	
3. Rents.	A. The rent expense accounts provided under the several functional groups of expense accounts shall include all rents, including taxes paid by the lessee on leased property, for property used in utility operations, except (1) minor amounts paid for occasional or infrequent use of any property or equipment and all amounts paid for use of equipment that, if owned, would be includible in plant accounts 391 to 398, inclusive, which shall be treated as an expense item and included in the appropriate functional account and (2) rents which are chargeable to clearing accounts, and distributed therefrom to the appropriate account. If rents cover property used for more than one function, such as production and transmission, or by more than one department, the rents shall be apportioned to the appropriate rent expense or clearing accounts of each department on an actual, or, if necessary, an estimated basis.		Nuclear fuel assemblies and components—Stock account.		Accounts payable.	
	B. When a portion of property or equipment rented from others for use in connection with utility operations is subleased, the revenue derived from such subleasing shall be credited to the rent revenue account in operating revenues; provided, however, that in case the rent was charged to a clearing account, the amounts received from subleasing the property shall be credited to such clearing account.		Stores expense undistributed.		Payables to associated companies.	
	C. The cost, when incurred by the lessee, of operating and maintaining leased property, shall be charged to the accounts appropriate for the expense if the property were owned.		Prepayments.		Notes payable to associated companies.	
			Other current and accrued assets.		Accounts payable to associated companies.	
			Interest and dividends receivable.		Customer deposits.	
			Rents receivable.		Taxes accrued.	
			Accrued utility revenues.		Interest accrued.	
			Miscellaneous current and accrued assets.		Other current and accrued liabilities.	
			Unamortized debt discount and expense.		Dividends declared.	
			Extraordinary property losses.		Matured long-term debt.	
3. CURRENT AND ACCRUED ASSETS			Other deferred debits.		Tax collections payable.	
			Preliminary survey and investigation charges.		Miscellaneous current and accrued liabilities.	
			Clearing accounts.		8. DEFERRED CREDITS	
			Temporary facilities.		Unamortized premium on debt.	
			Miscellaneous deferred debits.		Customer advances for construction.	
			Liabilities and other credits.		Other deferred credits.	
			5. PROPRIETARY CAPITAL		9. OPERATING RESERVES	
			Common capital stock.		Property insurance reserve.	
			Common stock issued.		Injuries and damages reserve.	
			Common stock subscribed.		Pensions and benefits reserve.	
3. DEFERRED DEBITS			Common stock liability for conversion.		Amortization reserve—Federal.	
			Preferred capital stock.		Miscellaneous operating reserves.	
			Preferred stock issued.		10. CONTRIBUTIONS IN AID OF CONSTRUCTION	
			Preferred stock subscribed.		Contributions in aid of construction.	
			Preferred stock liability for conversion.		11. ACCUMULATED DEFERRED INCOME TAXES	
					Accumulated deferred income taxes—Accelerated amortization.	
					Accumulated deferred income taxes—Liberalized depreciation.	
					Accumulated deferred income taxes—Other.	

Balance Sheet Accounts

1. UTILITY PLANT

101 Electric plant in service.

A. This account shall include the original cost of electric plant, included in accounts 301 to 399, prescribed herein, owned and used by the utility in its electric utility operations, and having an expectation of life in service of more than one year from date of installation, including such property owned by the utility but held by nominees.

(See also account 106 for unclassified construction costs of completed plant actually in service.)

B. The cost of additions to and betterments of property leased from others, which are includible in this account, shall be recorded in subdivisions separate and distinct from those relating to owned property. (See electric plant instruction 6.)

102 Electric plant purchased or sold.

A. This account shall be charged with the cost of electric plant acquired as an operating unit or system by purchase, merger, consolidation liquidation, or otherwise, and shall be credited with the selling price of like property transferred to others pending the distribution to appropriate accounts in accordance with electric plant instruction 5.

B. Within six months from the date of acquisition or sale of property recorded herein, the utility shall file with the Commission the proposed journal entries to clear from this account the amounts recorded herein.

103 Electric plant in process of reclassification.

A. This account shall include temporarily the balance of electric plant as of the effective date of the prior system of accounts, which has not yet been reclassified as of the effective date of this system of accounts. The detailed or primary accounts in support of this account employed prior to such date shall be continued pending reclassification into the electric plant accounts herein prescribed (301-399), but shall not be used for additions, betterments, or new construction.

B. No charges other than as provided in paragraph A, above, shall be made to this account, but retirements of such unclassified electric plant shall be credited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

ited hereto and to the supporting (old) fixed capital accounts until the reclassification shall have been accomplished.

104 Electric plant leased to others.

A. This account shall include the original cost of electric plant owned by the utility, but leased to others as operating units or systems, where the lessee has exclusive possession.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for electric plant in service and this account shall be maintained in such detail as though the property were used by the owner in its utility operations.

105 Electric plant held for future use.

A. This account shall include the original cost of electric plant owned and held for future use in electric service under a definite plan for such use. There shall be included herein property acquired but never used by the utility in electric service, but held for such service in the future under a definite plan, and property previously used by the utility in electric service, but retired from such service and held pending its reuse in the future, under a definite plan, in electric service.

B. The property included in this account shall be classified according to the detailed accounts (301 to 399) prescribed for electric plant in service and the account shall be maintained in such detail as though the property were in service.

NOTE: Materials and supplies, meters and transformers held in reserve, and normal spare capacity of plant in service shall not be included in this account.

106 Completed construction not classified—Electric.

At the end of the year or such other date as a balance sheet may be required by the Commission, this account shall include the total of the balances of work orders for electric plant which has been completed and placed in service but which work orders have not been classified for transfer to the detailed electric plant accounts.

NOTE: For the purpose of reporting to the Commission the classification of electric plant in service by accounts is required, the utility shall also report the balance in this account tentatively classified as accurately as practicable according to prescribed account classifications. The purpose of this

provision is to avoid any significant omissions in reported amounts of electric plant in service.

107 Construction work in progress—Electric.

A. This account shall include the total of the balances of work orders for electric plant in process of construction.

B. Work orders shall be cleared from this account as soon as practicable after completion of the job. Further, if a project, such as a hydroelectric project, a steam station or a transmission line, is designed to consist of two or more units or circuits which may be placed in service at different dates, any expenditures which are common to and which will be used in the operation of the project as a whole shall be included in electric plant in service upon the completion and the readiness for service of the first unit. Any expenditures which are identified exclusively with units of property not yet in service shall be included in this account.

108 Accumulated provision for depreciation of electric plant in service.

A. This account shall be credited with the following:

(1) Amounts charged to account 403, Depreciation Expense, to account 416, Costs and Expenses of Merchandising, Jobbing, and Contract Work, or to clearing accounts for current depreciation expense.

(2) Amounts charged to account 435, Miscellaneous Debits to Surplus, for past accrued depreciation.

(3) Amounts of depreciation applicable to electric properties acquired as operating units or systems. (See electric plant instruction 5.)

(4) Amounts charged to account 182, Extraordinary Property Losses, when authorized by the Commission.

(5) Amounts of depreciation applicable to electric plant donated to the utility.

B. At the time of retirement of depreciable electric plant in service, this account shall be charged with the book cost of the property retired and the cost of removal, and shall be credited with the salvage value and any other amounts recovered, such as insurance. When retirement, costs of removal and salvage are entered originally in retirement work orders, the net total of such work orders may be included in a separate

subaccount hereunder. Upon completion of the work order, the proper distribution to subdivisions of this account shall be made as provided in the following paragraph.

C. For general ledger and balance sheet purposes, this account shall be regarded and treated as a single composite provision for depreciation. For purposes of analysis, however, each utility shall maintain subsidiary records in which this account is segregated according to the following functional classification for electric plant: (1) Steam production, (2) Nuclear production, (3) Hydraulic production, (4) Other production, (5) Transmission, (6) Distribution, and (7) General. These subsidiary records shall reflect the current credits and debits to this account in sufficient detail to show separately for each such functional classification (a) the amount of accrual for depreciation, (b) the book cost of property retired, (c) cost of removal, (d) salvage, and (e) other items, including recoveries from insurance.

D. When transfers of plant are made from one electric plant account to another, or from or to another utility department, or from or to nonutility property accounts, the accounting for the related accumulated provision for depreciation shall be as provided in electric plant instruction 12.

E. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

109 Accumulated provision for depreciation of electric plant leased to others.

A. This account shall be credited with amounts charged to account 413, Expenses of Electric Plant Leased to Others, for current depreciation expense or to account 435, Miscellaneous Debits to Surplus, for past accrued depreciation of property included in account 104, Electric Plant Leased to Others. Include, also, credits for depreciation applicable to plant acquired as operating units or systems, to plant donated to the utility or for losses transferred to account 182, Extraordinary Property Losses.

B. The requirements of account 108, Accumulated Provision for Depreciation of Electric Plant in Service, regarding

retirements chargeable thereto and subsidiary data to be maintained shall be applicable likewise to this account.

C. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

110 Accumulated provision for depreciation of electric plant held for future use.

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income, for depreciation expense on property included in account 105, Electric Plant Held for Future Use. Include, also, the balance of accumulated provision for depreciation on property which may be transferred to account 105, Electric Plant Held for Future Use, from other property accounts.

B. The utility is restricted in its use of the accumulated provision for depreciation to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

NOTE: Normally, this account will not be used for current depreciation provisions because, as provided herein, the service life during which depreciation is computed commences with the date property is includible in electric plant in service; however, if special circumstances indicate the propriety of current accruals for depreciation, such charges shall be made to account 421, Miscellaneous Nonoperating Income.

111 Accumulated provision for amortization of electric plant in service.

A. This account shall be credited with amounts charged to account 404, Amortization of Limited-Term Electric Plant, for the current amortization of limited-term electric investments, or to account 435, Miscellaneous Debits to Surplus, for past accrued amortization. It shall be credited also with amounts which may be charged to account 405, Amortization of Other Electric Plant, to account 425, Miscellaneous Amortization, or to account 435, Miscellaneous Debits to Surplus, to amortize intangible or other electric plant which does not have a definite or terminable life and is not subject to charges for depreciation expense.

B. When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate.

C. Records shall be maintained so as to show separately the balance applicable to each class of property which is being amortized.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

112 Accumulated provision for amortization of electric plant leased to others.

A. This account shall be credited with amounts charged to account 413, Expenses of Electric Plant Leased to Others, for the current amortization of limited-term or other investments subject to amortization included in account 104, Electric Plant Leased to Others, or to account 435, Miscellaneous Debits to Surplus, for past accrued amortization.

B. When any property to which this account applies is sold, relinquished, or otherwise retired from service, this account shall be charged with the amount previously credited in respect to such property. The book cost of the property so retired less the amount chargeable to this account and less the net proceeds realized at retirement shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate.

C. Records shall be maintained so as to show separately the balance applicable to each class of property which is being amortized.

D. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

113 Accumulated provision for amortization of electric plant held for future use.

A. This account shall be credited with amounts charged to account 421, Miscellaneous Nonoperating Income for amortization expense on property included in account 105, Electric Plant Held for Future Use. Include also the balance of accumulated provision for amortization on property which may be transferred to account 105, Electric Plant Held for Future Use, from other property accounts.

NOTE: See also note to account 110, Accumulated Provision for Depreciation of Electric Plant Held for Future Use.

B. The utility is restricted in its use of the accumulated provision for amortization to the purposes set forth above. It shall not transfer any portion of this account to surplus or make any other use thereof without authorization by the Commission.

114 Electric plant acquisition adjustments.

A. This account shall include the difference between (a) the cost to the accounting utility of electric plant acquired as an operating unit or system by purchase, merger, consolidation, liquidation, or otherwise, and (b) the original cost, estimated, if not known, of such property, less the amount or amounts credited by the accounting utility at the time of acquisition to accumulated provisions for depreciation and amortization and contributions in aid of construction with respect to such property.

B. With respect to acquisitions after the effective date of this system of accounts, this account shall be subdivided so as to show the amounts included herein for each property acquisition and to electric plant in service, electric plant held for future use, and electric plant leased to others. (See electric plant in construction 5.)

C. The amounts recorded in this account with respect to each property acquisition shall be amortized, or otherwise disposed of, as the Commission may approve or direct.

115 Accumulated provision for amortization of electric plant acquisition adjustments.

This account shall be credited or debited with amounts which are includible in account 406, Amortization of Elec-

tric Plant Acquisition Adjustments, account 425, Miscellaneous Amortization, or account 435, Miscellaneous Debits to Surplus, for the purpose of providing for the extinguishment of amounts in account 114, Electric Plant Acquisition Adjustments, in instances where the amortization of account 114 is not being made by direct write-off of the account.

116 Other electric plant adjustments.

A. This account shall include the difference between the original cost, estimated if not known, and the book cost of electric plant to the extent that such difference is not properly includible in account 114, Electric Plant Acquisition Adjustments.

B. Amounts included in this account shall be classified in such manner as to show the origin of each amount and shall be disposed of as the Commission may approve or direct.

NOTE: The provisions of this account shall not be construed as approving or authorizing the recording of appreciation of electric plant.

118 Other utility plant.

This account shall include the balances in accounts for utility plant, other than electric plant, such as gas, railway, etc.

119 Accumulated provision for depreciation and amortization of other utility plant.

This account shall include the accumulated provision for depreciation and amortization applicable to utility property other than electric plant.

2. OTHER PROPERTY AND INVESTMENTS

121 Nonutility property.

A. This account shall include the book cost of land, structures, equipment or other tangible or intangible property owned by the utility, but not used in utility service and not properly includible in account 105, Electric Plant Held for Future Use.

B. This account shall be subdivided so as to show the amount of property used in operations which are nonutility in character but nevertheless constitute a distinct operating activity of the company (such as operation of an ice department where such activity is not classed as a utility) and the amount of miscellaneous property not used in operations. The records in support of each subaccount shall be maintained so as to show

an appropriate classification of the property.

122 Accumulated provision for depreciation and amortization of non-utility property.

This account shall include the accumulated provision for depreciation and amortization applicable to nonutility property.

123 Investment in associated companies.

A. This account shall include the book cost of investments in securities issued or assumed by associated companies and investment advances to such companies, including interest accrued thereon when such interest is not subject to current settlement. Include also the offsetting entry to the recording of amortization of discount or premium on interest-bearing investments. (See account 419, Interest and Dividend Income.)

B. The account shall be maintained in such manner as to show the investment in securities of, and advances to, each associated company together with full particulars regarding any of such investments that are pledged.

NOTE A: Securities and advances of associated companies owned and pledged shall be included in this account, but such securities, if held in special deposits or in special funds, shall be included in the appropriate deposit or fund account. A complete record of securities pledged shall be maintained.

NOTE B: Securities of associated companies held as temporary cash investments are includible in account 136, Temporary Cash Investments.

NOTE C: Balances in open accounts with associated companies, which are subject to current settlement, are includible in account 146, Accounts Receivable from Associated Companies.

NOTE D: The utility may write down the cost of any security in recognition of a decline in the value thereof. Securities shall be written off or written down to a nominal value if there be no reasonable prospect of substantial value. Fluctuations in market value shall not be recorded but a permanent impairment in the value of securities shall be recognized in the accounts. When securities are written off or written down, the amount of the adjustment shall be charged to account 435, Miscellaneous Debits to Surplus, or to an appropriate account for accumulated provisions for loss in value established as a separate subdivision of this account.

124 Other investments.

A. This account shall include the book cost of investments in securities issued

or assumed by nonassociated companies, investment advances to such companies, and any investments not accounted for elsewhere. Include also the offsetting entry to the recording of amortization of discount or premium on interest-bearing investments. (See account 419, Interest and Dividend Income.)

B. The cost of capital stock of the utility reacquired by it under a definite plan for resale pursuant to authorization by the Board of Directors may, if permitted by statutes, be included in a separate subdivision of this account. (See also account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, and account 217, Reacquired Capital Stock.)

C. The records shall be maintained in such manner as to show the amount of each investment and the investment advances to each person.

NOTE A: Securities owned and pledged shall be included in this account, but securities held in special deposits or in special funds shall be included in appropriate deposit or fund accounts. A complete record of securities pledged shall be maintained.

NOTE B: Securities held as temporary cash investments shall not be included in this account.

NOTE C: See Note D of account 123.

125 Sinking funds.

This account shall include the amount of cash and book cost of investments held in sinking funds. A separate account, with appropriate title, shall be kept for each sinking fund. Transfers from this account to special deposit accounts, may be made as necessary for the purpose of paying matured sinking-fund obligations, or obligations called for redemption but not presented, or the interest thereon.

126 Depreciation fund.

This account shall include the amount of cash and the book cost of investments which have been segregated in a special fund for the purpose of identifying such assets with the accumulated provisions for depreciation.

127 Amortization fund—Federal.

This account shall include the amount of cash and book cost of investments of any fund maintained pursuant to the requirements of a Federal regulatory body, and the cash and investments segregated for the purpose of identifying the

specific assets associated with account 264, Amortization Reserve—Federal.

128 Other special funds.

This account shall include the amount of cash and book cost of investments which have been segregated in special funds for insurance, employee pensions, savings, relief, hospital, and other purposes not provided for elsewhere. A separate account, with appropriate title, shall be kept for each fund.

NOTE: Amounts deposited with a trustee under the terms of an irrevocable trust agreement for pensions or other employee benefits shall not be included in this account.

3. CURRENT AND ACCRUED ASSETS

Current and accrued assets are cash, those assets which are readily convertible into cash or are held for current use in operations or construction, current claims against others, payment of which is reasonably assured, and amounts accruing to the utility which are subject to current settlement, except such items for which accounts other than those designated as current and accrued assets are provided. There shall not be included in the group of accounts designated as current and accrued assets any item, the amount or collectibility of which is not reasonably assured, unless an adequate provision for possible loss has been made therefor. Items of current character but of doubtful value may be written down and for record purposes carried in these accounts at nominal value.

131 Cash.

This account shall include the amount of current cash funds except working funds.

132 Interest special deposits.

This account shall include special deposits with fiscal agents or others for the payment of interest.

133 Dividend special deposits.

This account shall include special deposits with fiscal agents or others for the payment of dividends.

134 Other special deposits.

This account shall include deposits with fiscal agents or others for special purposes other than the payment of interest and dividends. Such special deposits may include cash deposited with federal, state, or municipal authorities

as a guaranty for the fulfillment of obligations; cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced; cash realized from the sale of the accounting utility's securities and deposited with trustees to be held until invested in property of the utility, etc. Entries to this account shall specify the purpose for which the deposit is made.

NOTE: Assets available for general corporate purposes shall not be included in this account. Further, deposits for more than one year, which are not offset by current liabilities, shall not be charged to this account but to account 128, Other Special Funds.

135 Working funds.

This account shall include cash advanced to officers, agents, employees, and others as petty cash or working funds.

136 Temporary cash investments.

A. This account shall include the book cost of investments, such as demand and time loans, bankers' acceptances, United States Treasury certificates, marketable securities, and other similar investments, acquired for the purpose of temporarily investing cash.

B. This account shall be so maintained as to show separately temporary cash investments in securities of associated companies and of others. Records shall be kept of any pledged investments.

141 Notes receivable.

This account shall include the book cost, not includible elsewhere, of all collectible obligations in the form of notes receivable and similar evidences (except interest coupons) of money due on demand or within one year from the date of issue, except, however, notes receivable from associated companies. (See account 136, Temporary Cash Investments, and account 145, Notes Receivable from Associated Companies.)

NOTE: The face amount of notes receivable discounted, sold, or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

142 Customer accounts receivable.

A. This account shall include amounts due from customers for utility service, and for merchandising, jobbing and contract work. This account shall not in-

clude amounts due from associated companies.

B. This account shall be maintained so as to permit ready segregation of the amounts due for merchandising, jobbing and contract work.

143 Other accounts receivable.

A. This account shall include amounts due the utility upon open accounts, other than amounts due from associated companies and from customers for utility services and merchandising, jobbing and contract work.

B. This account shall be maintained so as to show separately amounts due on subscriptions to capital stock and from officers and employees, but the account shall not include amounts advanced to officers or others as working funds. (See account 135, Working Funds.)

144 Accumulated provision for uncollectible accounts—Cr.

A. This account shall be credited with amounts provided for losses on accounts receivable which may become uncollectible, and also with collections on accounts previously charged hereto. Concurrent charges shall be made to account 904, Uncollectible Accounts, for amounts applicable to utility operations, and to corresponding accounts for other operations. Records shall be maintained so as to show the write-offs of account receivable for each utility department.

B. This account shall be subdivided to show the provision applicable to the following classes of accounts receivable:

Utility customers.
Merchandising, jobbing and contract work.
Officers and employees.
Others.

NOTE A: Accretions to this account shall not be made in excess of a reasonable provision against losses of the character provided for.

NOTE B: If provisions for uncollectible notes receivable or for uncollectible receivables from associated companies are necessary, separate subaccounts therefor shall be established under the account in which the receivable is carried.

145 Notes receivable from associated companies.

146 Accounts receivable from associated companies.

These accounts shall include notes and drafts upon which associated companies

are liable, and which mature and are expected to be paid in full not later than one year from the date of issue, together with any interest thereon, and debit balances subject to current settlement in open accounts with associated companies. Items which do not bear a specified due date but which have been carried for more than twelve months and items which are not paid within twelve months from due date shall be transferred to account 123, Investment in Associated Companies.

NOTE A: On the balance sheet, accounts receivable from an associated company may be set off against accounts payable to the same company.

NOTE B: The face amount of notes receivable discounted, sold or transferred without releasing the utility from liability as endorser thereon, shall be credited to a separate subdivision of this account and appropriate disclosure shall be made in financial statements of any contingent liability arising from such transactions.

151 Fuel stock.

This account shall include the book cost of fuel on hand.

Items

1. Invoice price of fuel less any cash or other discounts.
2. Freight, switching, demurrage and other transportation charges, not including, however, any charges for unloading from the shipping medium.
3. Excise taxes, purchasing agents' commissions, insurance and other expenses directly assignable to cost of fuel.

152 Fuel stock expenses undistributed.

A. This account may include the cost of labor and of supplies used and expenses incurred in unloading fuel from the shipping medium and in the handling thereof prior to its use, if such expenses are sufficiently significant in amount to warrant being treated as a part of the cost of fuel inventory rather than being charged direct to expense as incurred.

B. Amounts included herein shall be charged to expense as the fuel is used to the end that the balance herein shall not exceed the expenses attributable to the inventory of fuel on hand.

Items

Labor:

1. Procuring and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.

4. Moving of fuel in storage and transferring from one station to another.

5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler house structure.

6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.

Supplies and Expenses:

7. Tools, lubricants and other supplies.
8. Operating supplies for mechanical equipment.
9. Transportation and other expenses in moving fuel.
10. Stores expenses applicable to fuel.

153 Residuals.

This account shall include the book cost of any residuals produced in production or manufacturing processes.

154 Plant materials and operating supplies.

A. This account shall include the cost of materials purchased primarily for use in the utility business for construction, operation and maintenance purposes. It shall include also the book cost of materials recovered in connection with construction, maintenance or the retirement of property, such materials being credited to construction, maintenance or accumulated depreciation provision, respectively, and included herein as follows:

(1) Reusable materials consisting of large individual items shall be included in this account at original cost, estimated if not known. The cost of repairing such items shall be charged to the maintenance account appropriate for the previous use.

(2) Reusable materials consisting of relatively small items, the identity of which (from the date of original installation to the final abandonment or sale thereof) cannot be ascertained without undue refinement in accounting, shall be included in this account at current prices new for such items. The cost of repairing such items shall be charged to the appropriate expense account as indicated by previous use.

(3) Scrap and nonusable materials included in this account shall be carried at the estimated net amount realizable therefrom. The difference between the amounts realized for scrap and nonusable materials sold and the net amount at which the materials were carried in this account, as far as practicable, shall be adjusted to the accounts credited

when the materials were charged to this account.

B. Materials and supplies issued shall be credited hereto and charged to the appropriate construction, operating expense, or other account on the basis of a unit price determined by the use of cumulative average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

Items

1. Invoice price of materials less cash or other discounts.
2. Freight, switching or other transportation charges when practicable to include as part of the cost of particular materials to which they relate.
3. Customs duties and excise taxes.
4. Costs of inspection and special tests prior to acceptance.
5. Insurance and other directly assignable charges.

NOTE: Where expenses applicable to materials purchased cannot be directly assigned to particular purchases, they shall be charged to account 163, Stores Expense Undistributed.

155 Merchandise.

This account shall include the book cost of materials and supplies and appliances and equipment held primarily for merchandising, jobbing and contract work. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

156 Other materials and supplies.

This account shall include the book cost of materials and supplies held primarily for nonutility purposes. The principles prescribed in accounting for utility materials and supplies shall be observed in respect to items carried in this account.

157 Nuclear fuel assemblies and components—In reactor.

This account shall include cost to the utility of assemblies and components installed in the reactor for production of electricity. This account shall be debited for cost of assemblies and components transferred from account 158, Nuclear Fuel Assemblies and Components—Stock Account, and credited for amounts charged to account 518, Fuel, for cost distribution of assemblies and components in use. Upon discharge of the reactor for refueling this account shall be

Accounts Receivable from Associated Companies.

173 Accrued utility revenues.

At the option of the utility, the estimated amount accrued for service rendered, but not billed at the end of any accounting period, may be included here-in. In case accruals are made for unbilled revenues, they shall be made likewise for unbilled expenses, such as for the purchase of energy.

174 Miscellaneous current and accrued assets.

This account shall include the book cost of all other current and accrued assets, appropriately designated and supported so as to show the nature of each asset included herein.

4. DEFERRED DEBITS

181 Unamortized debt discount and expense.

A. This account shall include the total of the debit balances in the discount, expense and premium accounts for all classes of long-term debt, determined as provided in the following paragraphs of this account.

B. A discount, expense and premium account shall be maintained for each class and series of long-term debt (including receivers' certificates) issued or assumed by the utility, in which shall be recorded the discount, expense and premium associated with the issuance and sale of each such class and series of debt. In stating the balance sheet, the total of the debit balances remaining in those accounts having debit balances shall be reported under this account and the total of credit balances remaining in those accounts having credit balances shall be reported under account 251, Unamortized Premium on Debt. Accounts with debit balances shall not be set off against accounts with credit balances.

C. The discount, expense and premium shall be amortized over the life of the respective issues under a plan which will distribute the amounts equitably over the life of the securities. The amortization shall be on a monthly basis, and the amounts thereof shall be charged to account 428, Amortization of Debt Discount and Expense, or credited to account 429, Amortization of Premium on Debt—Cr., as may be appropriate. The utility may, however, accelerate the

12. Cash and other discounts not practically assignable to specific materials.

13. Freight, express, etc., when not assignable to specific items.

14. Heat, light and power for storerooms and store offices.

15. Brooms, brushes, sweeping compounds and other supplies used in cleaning and tidying storerooms and stores offices.

16. Injuries and damages.

17. Insurance on materials and supplies and on stores equipment.

18. Losses due to breakage, leakage, evaporation, fire or other causes, less credits for amounts received from insurance, transportation companies or others in compensation of such losses.

19. Postage, printing, stationery and office supplies.

20. Rent of storage space and facilities.

21. Communication service.

22. Excise and other similar taxes not assignable to specific materials.

23. Transportation expense on inward movement of stores and on transfer between storerooms but not including charges on materials recovered from retirements which shall be accounted for as part of cost of removal.

NOTE: A physical inventory of each class of materials and supplies shall be made at least every two years.

165 Prepayments.

This account shall include amounts representing prepayments of insurance, rents, taxes, interest and miscellaneous items, and shall be kept or supported in such manner as to disclose the amount of each class of prepayment.

171 Interest and dividends receivable.

This account shall include the amount of interest on bonds, mortgages, notes, commercial paper, loans, open accounts, deposits, etc., the payment of which is reasonably assured, and the amount of dividends declared or guaranteed on stocks owned.

NOTE A: Interest which is not subject to current settlement shall not be included herein but in the account in which is carried the principal on which the interest is accrued.

NOTE B: Interest and dividends receivable from associated companies shall be included in account 146, Accounts receivable from associated companies.

172 Rents receivable.

This account shall include rents receivable or accrued on property rented or leased by the utility to others.

NOTE: Rents receivable from associated companies shall be included in account 146,

ated amounts accumulated from credits to operations shall be debited or credited, as appropriate, to account 518, Fuel.

163 Stores expense undistributed.

A. This account shall include the cost of supervision, labor and expenses incurred in the operation of general storerooms, including purchasing, storage, handling and distribution of materials and supplies.

B. This account shall be cleared by adding to the cost of materials and supplies issued a suitable loading charge which will distribute the expense equitably over stores issues. The balance in the account at the close of the year shall not exceed the amount of stores expenses reasonably attributable to the inventory of materials and supplies exclusive of fuel, as any amount applicable to fuel costs should be included in account 152, Fuel Stock Expenses Undistributed.

Items

Labor:

1. Inspecting and testing materials and supplies when not assignable to specific items.

2. Unloading from shipping facility and putting in storage.

3. Supervision of purchasing and stores department to extent assignable to materials handled through stores.

4. Getting materials from stock and in readiness to go out.

5. Inventorying stock received or stock on hand by stores employees but not including inventories by general department employees as part of internal or general audits.

6. Purchasing department activities in checking material needs, investigating sources of supply, analyzing prices, preparing and placing orders, and related activities to extent applicable to materials handled through stores. (Optional. Purchasing department expenses may be included in administrative and general expenses.)

7. Maintaining stores equipment.

8. Cleaning and tidying storerooms and stores offices.

9. Keeping stock records, including recording and posting of material receipts and issues and maintaining inventory record of stock.

10. Collecting and handling scrap materials in stores.

Supplies and expenses:

11. Adjustments of inventories of materials and supplies but not including large differences which can readily be assigned to important classes of materials and equitably distributed among the accounts to which such classes of materials have been charged since the previous inventory.

credited and account 158, Nuclear Fuel Assemblies and Components—Stock Account, debited for remaining undistributed net costs pertaining to assemblies and components removed from the reactor.

158 Nuclear fuel assemblies and components—Stock account.

A. This account shall include the cost to the utility of nuclear fuel assemblies and components in process of fabrication, held in stock as spare assemblies and components, and held for or being chemically processed after use. When fuel assemblies and components are removed from stock for installation in the reactor, this account shall be credited and account 157, Nuclear Fuel Assemblies and Components—In Reactor, debited for the utility's cost thereof. When materials are discharged from the reactor, this account shall be debited and account 157 credited with the remaining costs applicable to the spent fuel assemblies. Upon completion of chemical processing of the reactor discharge materials, an accounting shall be made for disposition of such reprocessed materials, including adjustments to account 518, Fuel, and other accounts, as appropriate.

B. Where stock may consist of assemblies and components from more than one lot of fabricated materials, the basis of costing issues from stock may be on the basis of a unit price determined by the use of cumulative average, first-in-first-out, or such other method of inventory accounting as conforms with accepted accounting standards consistently applied.

NOTE: Provisions will be made as required to provide for reactors utilizing aqueous and liquid metal solutions, slurries, and fluidized solids.

159 Nuclear by-product materials.

This account shall include the net recoverable values of plutonium and other nuclear by-product materials. This account shall be debited and account 518, Fuel, credited with the estimated recoverable values of the excess of the nuclear by-product materials formed in operation of the reactor over the nuclear by-product materials burned, if any, net of the estimated cost of conversion to metal and delivery to the Atomic Energy Commission. Adjustments to this account with respect to differences between amounts actually realized and the esti-

writing off of discount and expense where the amounts are insignificant.

D. When any long-term debt is reacquired or redeemed without being converted into another form of long-term debt and when the transaction is not in connection with a refunding operation, the difference between the amount paid upon reacquisition and the face value plus the unamortized premium or less the unamortized discount and expense, as the case may be, applicable to the debt redeemed, retired and canceled, shall be included in account 434, Miscellaneous Credits to Surplus or account 435, Miscellaneous Debits to Surplus, as appropriate.

E. When the redemption of one issue or series of bonds or other long-term obligations is financed by another issue or series before the maturity date of the first issue, account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, shall be credited or debited, as appropriate, with any unamortized discount, expense, or premium on the first issue and any premium paid or discount earned on the redemption. If the utility desires to amortize any of the discount, expense, or premium associated with the issuance or redemption of the first issue over a period subsequent to the date of redemption, the permission of the Commission must be obtained; provided, however, that special permission of the Commission shall not be necessary if the utility proceeds with a plan of disposition of the discount, expense, and redemption premiums associated with the refunded bonds, as follows:

(1) A special charge is recorded in the year of refunding in account 428, Amortization of Debt Discount and Expense, equal to the saving in income taxes arising from the refunding transactions;

(2) There is charged to account 435, Miscellaneous Debits to Surplus, in the year of refunding, any amounts of unamortized discount and expense or redemption premiums relating to bonds or other long-term obligations previously refunded by the refunded bonds under immediate consideration, such amounts sometimes being referred to as "grandfather items"; and,

(3) The utility proceeds to amortize by equal monthly charges, from the date of refunding, the remainder of the charges

associated with the refunded bonds, over a period not longer than that in which the saving in net annual interest and amortization charges equals the remaining of charges to be amortized, after taking into consideration the estimated additional taxes on income attributable to the saving in net annual interest and amortization charges.

F. Discount, expense or premium on debt shall not be included as part of the cost of constructing or acquiring any property, tangible or intangible, except under the provisions of account 432, Interest Charged to Construction—Cr.

182 Extraordinary property losses.

A. When authorized or directed by the Commission, this account shall include extraordinary losses on property abandoned or otherwise retired from service which are not provided for by the accumulated provisions for depreciation or amortization and which could not reasonably have been foreseen and provided for, and extraordinary losses, such as unforeseen damages to property, which could not reasonably have been anticipated and which are not covered by insurance or other provisions.

B. The entire cost, less net salvage, of depreciable property retired shall be charged to accumulated provision for depreciation. If all, or a portion, of the loss is to be included in this account, the accumulated provision for depreciation shall then be credited and this account charged with the amount properly chargeable hereto.

C. Application to the Commission for permission to use this account shall be accompanied by a statement giving a complete explanation with respect to the items which it is proposed to include herein, the period over which, and the accounts to which it is proposed to write off the charges, and other pertinent information.

183 Preliminary survey and investigation charges.

A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation. If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 435, Miscellaneous Debits to

Surplus, or to the appropriate operating expense account.

B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the nature and the purpose of the survey, plans, or investigations and the nature and amounts of the several charges.

NOTE: The amount of preliminary survey and investigation charges transferred to utility plant shall not exceed the expenditures which may reasonably be determined to contribute directly and immediately and without duplication to utility plant.

184 Clearing accounts.

This caption shall include undistributed balances in clearing accounts at the date of the balance sheet. Balances in clearing accounts shall be substantially cleared not later than the end of the calendar year unless items held therein relate to a future period.

185 Temporary facilities.

This account shall include amounts shown by work orders for plant installed for temporary use in utility service for periods of less than one year. Such work orders shall be charged with the cost of temporary facilities and credited with payments received from customers and net salvage realized on removal of the temporary facilities. Any net credit or debit resulting shall be cleared to account 451, Miscellaneous Service Revenues.

186 Miscellaneous deferred debits.

A. This account shall include all debits not elsewhere provided for, such as miscellaneous work in progress, and unusual or extraordinary expenses, not included in other accounts, which are in process of amortization and items the proper final disposition of which is uncertain.

B. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each deferred debit.

5. PROPRIETARY CAPITAL

201 Common stock issued.

204 Preferred stock issued.

A. These accounts shall include the par value or the stated value of stock without par value if such stock has a stated value, and, if not, the cash value of the consideration received for such

nonpar stock, of each class of capital stock actually issued, including the par or stated value of such capital stock in account 124, Other Investments, and account 217, Reacquired Capital Stock.

B. When the actual cash value of the consideration received is more or less than the par or stated value of any stock having a par or stated value, the difference shall be credited or debited, as the case may be, to the premium or discount account for the particular class and series.

C. When capital stock is retired, these accounts shall be charged with the amount at which such stock is carried herein.

D. A separate ledger account, with a descriptive title, shall be maintained for each class and series of stock. The supporting records shall show the shares nominally issued, actually issued, and nominally outstanding.

NOTE: When a levy or assessment, except a call for payment on subscriptions, is made against holders of capital stock, the amount collected upon such levy or assessment shall be credited to account 207, Premium on Capital Stock; provided, however, that the credit shall be made to account 213, Discount on Capital Stock, to the extent of any remaining balance of discount on the issue of stock.

202 Common stock subscribed.

205 Preferred stock subscribed.

A. These accounts shall include the amount of legally enforceable subscriptions to capital stock of the utility. They shall be credited with the par or stated value of the stock subscribed, exclusive of accrued dividends, if any. Concurrently, a debit shall be made to subscriptions to capital stock, included as a separate subdivision of account 143, Other Accounts Receivable, for the agreed price, and any discount or premium shall be debited or credited to the appropriate discount or premium account. When properly executed stock certificates have been issued representing the shares subscribed, this account shall be debited, and the appropriate capital stock account credited, with the par or stated value of such stock.

B. The records shall be kept in such manner as to show the amount of subscriptions to each class and series of stock.

203 Common stock liability for conversion.**206 Preferred stock liability for conversion.**

A. These accounts shall include the par value or stated value, as appropriate, of capital stock which the utility has agreed to exchange for outstanding securities of other companies in connection with the acquisition of properties of such companies under terms which allow the holders of the securities of the other companies to surrender such securities and receive in return therefor capital stock of the accounting utility.

B. When the securities of the other companies have been surrendered and capital stock issued in accordance with the terms of the exchange, these accounts shall be charged and accounts 201, Common Stock Issued, or 204, Preferred Stock Issued, as the case may be, shall be credited.

C. The records shall be kept so as to show separately the stocks of each class and series for which a conversion liability exists.

207 Premium on capital stock.

A. This account shall include, in a separate subdivision for each class and series of stock, the excess of the actual cash value of the consideration received on original issues of capital stock over the par or stated value and accrued dividends of such stock, together with assessments against stockholders representing payments required in excess of par or stated values.

B. Premium on capital stock shall not be set off against expenses. Further, a premium received on an issue of a certain class or series of stock shall not be set off against expenses of another issue of the same class or series.

C. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be transferred to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock.

208 Donations received from stockholders.

This account shall include the balance of credits for donations received from stockholders consisting of capital stock of the utility, cancellation or reduction of debt of the utility, and the cash value of other assets received as a donation.

209 Reduction in par or stated value of capital stock.

This account shall include the balance of credits arising from a reduction in the par or stated value of capital stock.

210 Gain on resale or cancellation of reacquired capital stock.

This account shall include the balance of credits arising from the resale or cancellation of reacquired capital stock. (See account 217, Reacquired Capital Stock.)

211 Miscellaneous paid-in capital.

This account shall include the balance of all other credits for paid-in capital which are not properly includible in the foregoing accounts.

NOTE: Amounts included in capital surplus at the effective date of this system of accounts which cannot be classified as to the source thereof shall be included in this account.

212 Installments received on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock the amount of installments received on capital stock on a partial or installment payment plan from subscribers who are not bound by legally enforceable subscription contracts.

B. As subscriptions are paid in full and certificates issued, this account shall be charged and the appropriate capital stock account credited with the par or stated value of such stock. Any discount or premium on an original issue shall be included in the appropriate discount or premium account.

213 Discount on capital stock.

A. This account shall include in a separate subdivision for each class and series of capital stock all discount on the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues.

B. When capital stock which has been actually issued is retired, the amount in this account applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 435, Miscellaneous Debits to

Surplus, to the extent that it exceeds the balance in account 210.

C. The utility may amortize the balance in this account by systematic charges to account 425, Miscellaneous Amortization, or it may write off capital stock discount in whole or in part by charges to account 435, Miscellaneous Debits to Surplus.

214 Capital stock expense.

A. This account shall include in a separate subdivision for each class and series of stock all commissions and expenses incurred in connection with the original issuance and sale of capital stock, including additional capital stock of a particular class or series as well as first issues. Expenses applicable to capital stock shall not be deducted from premium on capital stock.

B. When capital stock which has been actually issued by the utility is retired, the amount in this account, applicable to the shares retired shall be written off to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that the amount shall be charged to account 435, Miscellaneous Debits to Surplus, to the extent that it exceeds the balance in account 210.

C. The utility may amortize the balance in this account by systematic charges to account 425, Miscellaneous Amortization, or it may write off capital stock expense in whole or in part by charges to account 435, Miscellaneous Debits to Surplus.

NOTE: Expenses in connection with the reacquisition or resale of the utility's capital stock shall not be included herein.

215 Appropriated earned surplus.

This account shall include the amount of earned surplus which has been appropriated or set aside for specific purposes. Separate subaccounts shall be maintained under such titles as will designate the purpose for which each appropriation was made.

216 Unappropriated earned surplus.

This account shall include the balance, either debit or credit, of unappropriated surplus arising from earnings. It shall not include items includible in any of the accounts for paid-in capital.

217 Reacquired capital stock.

A. This account shall include in a separate subdivision for each class and

series of capital stock, the cost of capital stock actually issued by the utility and reacquired by it and not retired or canceled, except, however, stock which is held by trustees in sinking or other funds.

B. When reacquired capital stock is retired or canceled, the difference between its cost, including commissions and expenses paid in connection with the reacquisition, and its par or stated value plus any premium and less any discount and expenses applicable to the shares retired, shall be debited or credited, as appropriate, to account 210, Gain on Resale or Cancellation of Reacquired Capital Stock, provided, however, that debits shall be charged to account 435, Miscellaneous Debits to Surplus, to the extent that they exceed the balance in account 210.

C. When reacquired capital stock is resold by the utility, the difference between the amount received on the resale of the stock, less expenses incurred in the resale, and the cost of the stock included in this account shall be accounted for as outlined in paragraph B.

NOTE A: See account 124, Other Investments, for permissive accounting treatment of stock reacquired under a definite plan for resale.

NOTE B: The accounting for reacquired stock shall be as prescribed herein unless otherwise specifically required by statute.

6. LONG-TERM DEBT**221 Bonds.**

This account shall include in a separate subdivision for each class and series of bonds the face value of the actually issued and unmatured bonds which have not been retired or canceled; also the face value of such bonds issued by others the payment of which has been assumed by the utility.

222 Reacquired bonds.

A. This account shall include the face value of bonds actually issued or assumed by the utility and reacquired by it and not retired or canceled. The account for reacquired debt shall not include securities which are held by trustees in sinking or other funds.

B. When bonds are reacquired, the difference between face value, adjusted for unamortized discount, expense or premium and the amount paid upon reacquisition, shall be included in account 434, Miscellaneous Credits to Surplus or

- account 435, Miscellaneous Debits to Surplus, as appropriate. (See, however, account 181, paragraph E, as to refunding operations.)
- 223 Advances from associated companies.**
- A. This account shall include the face value of notes payable to associated companies and the amount of open book accounts representing advances from associated companies. It does not include notes and open accounts representing indebtedness subject to current settlement which are includible in account 233, Notes Payable to Associated Companies, or account 234, Accounts Payable to Associated Companies.
- B. The records supporting the entries to this account shall be so kept that the utility can furnish complete information concerning each note and open account.
- 224 Other long-term debt.**
- A. This account shall include, until maturity, all long-term debt not otherwise provided for. This covers such items as receivers' certificates, real estate mortgages executed or assumed, assessments for public improvements, notes and unsecured certificates of indebtedness not owned by associated companies, receipts outstanding for long-term debt, and other obligations maturing more than one year from date of issue or assumption.
- B. Separate accounts shall be maintained for each class of obligation, and records shall be maintained to show for each class all details as to date of obligation, date of maturity, interest dates and rates, security for the obligation, etc.
- NOTE: Miscellaneous long-term debt reacquired shall be accounted for in accordance with the procedure set forth in account 222, Reacquired Bonds.
- 7. CURRENT AND ACCRUED LIABILITIES**
- Current and accrued liabilities are those obligations which have either matured or which become due within one year from the date thereof: except, however, bonds, receivers' certificates and similar obligations which shall be classified as long-term debt until date of maturity; accrued taxes, such as income taxes, which shall be classified as accrued liabilities even though payable more than one year from date; compensation awards, which shall be classified as current liabilities regardless of date due; and minor amounts payable in installments which may be classified as current liabilities. If a liability is due more than one year from date of issuance or assumption by the utility, it shall be credited to a long-term debt account appropriate for the transaction, except, however, the current liabilities previously mentioned.
- 231 Notes payable.**
- This account shall include the face value of all notes, drafts, acceptances, or other similar evidences of indebtedness, payable on demand or within a time not exceeding one year from date of issue, to other than associated companies.
- 232 Accounts payable.**
- This account shall include all amounts payable by the utility within one year, which are not provided for in other accounts.
- 233 Notes payable to associated companies.**
- 234 Accounts payable to associated companies.**
- These accounts shall include amounts owing to associated companies on notes, drafts, acceptances, or other similar evidences of indebtedness, and open accounts payable on demand or not more than one year from date of issue or creation.
- NOTE: Exclude from these accounts notes and accounts which are includible in account 223, Advances from Associated Companies.
- 235 Customer deposits.**
- This account shall include all amounts deposited with the utility by customers as security for the payment of bills.
- 236 Taxes accrued.**
- A. This account shall be credited with the amount of taxes accrued during the accounting period, corresponding debits being made to the appropriate accounts for tax charges. Such credits may be based upon estimates, but from time to time during the year as the facts become known, the amount of the periodic credits shall be adjusted so as to include as nearly as can be determined in each year the taxes applicable thereto. Any amount representing a prepayment of taxes applicable to the period subsequent
- to the date of the balance sheet, shall be shown under account 165, Prepayments.
- B. If accruals for taxes are found to be insufficient or excessive, correction therefor shall be made through current tax accruals. However, if such corrections are so large as to seriously distort current expenses, they shall be included in account 434, Miscellaneous Credits to Surplus, or account 435, Miscellaneous Debits to Surplus, as appropriate.
- C. Accruals for taxes shall be based upon the net amounts payable after credit for any discounts, and shall not include any amounts for interest on tax deficiencies or refunds. Interest received on refunds shall be credited to account 419, Interest and Dividend Income, and interest paid on deficiencies shall be charged to account 431, Other Interest Expense.
- D. The records supporting the entries to this account shall be kept so as to show for each class of taxes, the amount accrued, the basis for the accrual, the accounts to which charged, and the amount of tax paid.
- 237 Interest accrued.**
- This account shall include the amount of interest accrued but not matured on all liabilities of the utility not including, however, interest which is added to the principal of the debt on which incurred. Supporting records shall be maintained so as to show the amount of interest accrued on each obligation.
- 238 Dividends declared.**
- This account shall include the amount of dividends which have been declared but not paid. Dividends shall be credited to this account when they become a liability.
- 239 Matured long-term debt.**
- This account shall include the amount of long-term debt (including any obligation for premiums) matured and unpaid, without specific agreement for extension of the time of payment and bonds called for redemption but not presented.
- 240 Matured interest.**
- This account shall include the amount of matured interest on long-term debt or other obligations of the utility at the date of the balance sheet unless such interest is added to the principal of the debt on which incurred.
- 241 Tax collections payable.**
- This account shall include the amount of taxes collected by the utility through pay roll deductions or otherwise pending transmittal of such taxes to the proper taxing authority.
- NOTE: Do not include liability for taxes assessed directly against the utility which are accounted for as part of the utility's own tax expense.
- 242 Miscellaneous current and accrued liabilities.**
- This account shall include the amount of all other current and accrued liabilities not provided for elsewhere appropriately designated and supported so as to show the nature of each liability.
- 8. DEFERRED CREDITS**
- 251 Unamortized premium on debt.**
- This account shall include the total of the credit balances in the discount, expense and premium accounts, for all classes of long-term debt, including receivers' certificates. (See account, 181, Unamortized Debt Discount and Expense.)
- 252 Customer advances for construction.**
- This account shall include advances by customers for construction which are to be refunded either wholly or in part. When a customer is refunded the entire amount to which he is entitled according to the agreement or rule under which the advance was made, the balance, if any, remaining in this account shall be credited to account 271, Contributions in Aid of Construction.
- 253 Other deferred credits.**
- This account shall include advance billings and receipts and other deferred credit items, not provided for elsewhere, including amounts which cannot be entirely cleared or disposed of until additional information has been received.
- 9. OPERATING RESERVES**
- 261 Property insurance reserve.**
- A. This account shall include amounts reserved by the utility for self-insurance against losses through accident, fire, flood, or other hazards to its own property or property leased from others. The amounts charged to account 924, Property Insurance, or other appropriate accounts to cover such risks shall be credited to this account. A schedule of risks

classify such deferrals in the accounts provided below under Subdivisions for each utility department.

281 Accumulated deferred income taxes—Accelerated amortization.

A. This account shall be credited and account 410, Provision for Deferred Income Taxes, shall be debited with an amount equal to that by which taxes on income payable for the year are lower because of the use of accelerated (5-year) amortization of certified defense facilities in computing such taxes, as permitted by Section 168 of the Internal Revenue Code of 1954 (Section 124A of previous Internal Revenue Code), as compared to the depreciation deduction otherwise appropriate and allowable for tax purposes according to the straight line or other nonaccelerated depreciation method and appropriate estimated useful life for such property.

B. This account shall be debited and account 411 Income Taxes Deferred in Prior Years—Credit, shall be credited with an amount equal to that by which taxes on income payable for the year are greater because of the use in prior years of accelerated (5-year) amortization of certified defense facilities instead of nonaccelerated or nonliberalized depreciation otherwise appropriate for income tax purposes, and deferral of taxes in such prior years as described in paragraph A, above. Such debit to this account and credit to account 411 shall, in general, represent the effect on taxes payable for the current year of the unavailability of a depreciation deduction for tax purposes, or a reduced amount, with respect to any depreciable property for which accelerated amortization was used in prior years, as compared to the depreciation deduction otherwise available and appropriate for such property, considering its estimated useful life, according to the depreciation method ordinarily used by the utility for similar property in computing depreciation for tax purposes by a nonaccelerated or nonliberalized depreciation method.

C. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the facilities of each certification or authorization of accelerated amortization for tax purposes.

Contributions in Aid of Construction—General shall include all the donations to the various utility departments except those which are made in respect to a licensed project. Contributions in Aid of Construction—Federal shall be kept only by licensees. There shall be included therein donations from States, municipalities, individuals or others which have been expended for plant, or which are included in the plant accounts, of a licensed project, referred to in section 3, subsection (13) of the Federal Power Act, 49 Stat. 839; 16 U.S.C. 796(13). This treatment shall not affect the determination of actual legitimate original cost or net investment in accordance with the Act.

NOTE: There shall not be included in this account advances for construction which are ultimately to be repaid wholly or in part. (See account 252, Customer Advances for Construction.)

11. ACCUMULATED DEFERRED INCOME TAXES

Public utilities and licensees shall use the accounts provided below for prior accumulations of deferred taxes on income and for additional provisions. A copy of the order or other authorization to practice deferred tax accounting of the state public service commission also having jurisdiction shall be filed with the Commission, or, in the absence of a state public service commission having accounting jurisdiction, the public utility or licensee shall file with this Commission a copy of its plan of accounting for deferred taxes on income. The filing of such order or other authorization, or accounting plan, shall constitute permission for additional accumulations of deferred taxes on income. Account 283 is provided for use of those public utilities and licensees which have obtained permission of the Commission for specific types of deferrals on taxes on income other than with respect to accelerated amortization or liberalized depreciation.

NOTE A: The text of the accounts below are designed primarily to cover deferrals of federal income taxes pursuant to provisions of the Internal Revenue Code of 1954 but the accounts are also applicable to deferrals of State taxes on income.

NOTE B: Public Utilities and Licensees which, in addition to an electric utility department, have another utility department, gas, water, etc., and which have deferred taxes on income with respect thereto shall

264 Amortization reserve—Federal.

A. This account shall be credited with such amounts as are appropriated or set aside by a licensee from earnings for amortization purposes in accordance with the requirements of a license; also the interest derived from the "Amortization Fund—Federal," or income from investments belonging to such fund.

B. This account shall be debited with only such items or amounts as the Commission may require or approve. (See account 127 Amortization Fund—Federal.)

265 Miscellaneous operating reserves.

A. This account shall include all operating reserves maintained by the utility which are not provided for elsewhere.

B. This account shall be maintained in such manner as to show the amount of each separate reserve and the nature and amounts of the debits and credits thereto.

NOTE: This account includes only such reserves as may be created for operating purposes and does not include any reservations of income the credits for which should be carried in account 215, Appropriated Earned Surplus.

10. CONTRIBUTIONS IN AID OF CONSTRUCTION

271 Contributions in aid of construction.

A. This account shall include donations or contributions in cash, services, or property from states, municipalities or other governmental agencies, individuals, and others for construction purposes.

B. The credits to this account shall not be transferred to earned surplus or to any other account without the approval of the Commission.

C. The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of each donation, the conditions, if any, upon which it was made, the amount of donations from (a) States, (b) municipalities, (c) customers and (d) others, and the amount applicable to each utility department.

D. This account shall be subdivided as follows:

Contributions in Aid of Construction—General.
Contributions in Aid of Construction—Federal.

covered by this reserve shall be maintained, giving a description of the property involved, the character of the risks covered and the rates used.

B. Charges shall be made to this account for losses covered by self-insurance. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

262 Injuries and damages reserve.

A. This account shall be credited with amounts charged to account 925, Injuries and Damages, or other appropriate accounts, to meet the probable liability, not covered by insurance, for deaths or injuries to employees and others, and for damages to property neither owned nor held under lease by the utility.

B. When liability for any injury or damage is admitted by the utility either voluntarily or because of the decision of a court or other lawful authority, such as a workmen's compensation board, the admitted liability shall be charged to this account and credited to the appropriate liability account. Details of these charges shall be maintained according to the year the casualty occurred which gave rise to the loss.

NOTE: Recoveries or reimbursements for losses charged to this account shall be credited hereto; the cost of repairs to property of others if provided for herein, shall be charged to this account.

263 Pensions and benefits reserve.

A. This account shall include provisions made by the utility and amounts contributed by employees for pensions, accident and death benefits, savings, relief, hospital and other provident purposes, where the funds represented by the reserve are included in the assets of the utility either in general or in segregated fund accounts.

B. Amounts paid by the utility for the purposes for which this reserve is established shall be charged hereto.

C. A separate account shall be kept for each kind of reserve included herein.

NOTE: If employee pension or benefit plan funds are not included among the assets of the utility but are held by outside trustees, payments into such funds, or accruals therefor, shall not be included in this account.

D. The use of this account and the accounting described above are not mandatory for any utility, which in accordance with a consistent policy elects not to follow deferred tax accounting even though accelerated amortization is used in computing taxes on income. If however, deferred tax accounting is initiated with respect to any certified defense facility, the accounting shall not be suspended or discontinued on the property covered by that certificate, without approval of the Commission.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in this account or any portion thereof to surplus or make any use thereof except as provided in the text of this account without prior approval of the Commission. Any remaining balance of accumulated deferred taxes with respect to any certified defense facility for which deferred tax accounting has been followed, shall, upon expiration of the estimated useful life of the facility on which deferred tax calculations were based, or upon retirement of such facility or predominant part thereof, be credited to account 411, Income Taxes Deferred in Prior Years—Credit, or otherwise be applied as the Commission may authorize or direct.

282 Accumulated deferred income taxes—Liberalized depreciation.

A. This account shall be credited and account 410, Provision for Deferred Income Taxes, shall be debited with an amount equal to that by which taxes on income payable for the year are lower because of the use of liberalized depreciation in computing such taxes, as permitted by Section 167 of the Internal Revenue Code of 1954, as compared to the depreciation deduction otherwise appropriate and allowable for tax purposes for similar property of the same estimated useful life according to the straight line or other nonliberalized method of depreciation.

B. This account shall be debited and account 411, Income Taxes Deferred in Prior Years—Credit, shall be credited with an amount equal to that by which taxes on income payable for the year are greater because of the use in prior years of liberalized depreciation for income tax purposes, and deferral of taxes in such prior years as described in paragraph A above. Such debit to this ac-

count and credit to account 411, shall, in general, represent the effect on taxes payable for the current year of the smaller amount of depreciation permitted for tax purposes for the current year with respect to any depreciable property for which liberalized depreciation was used in prior years, as compared to the depreciation deduction otherwise appropriate and available for similar property of the same estimated useful life according to the straight line or other nonliberalized depreciation method ordinarily used by the utility in computing depreciation for tax purposes.

C. Records with respect to entries to this account, as described above, and account balance, shall be so maintained as to show the factors of calculation and the separate amounts applicable to the plant additions of each vintage year for each class, group, or unit as to which different liberalized depreciation methods and estimated useful lives have been used. The underlying calculations to segregate and associate deferred tax amounts with the respective vintage years may be based on reasonable methods of approximation, if necessary, consistently applied.

D. The use of this account and the accounting described above are not mandatory for any utility, which in accordance with a consistent policy elects not to follow deferred tax accounting even though liberalized depreciation is used in computing taxes on income. If however, deferred tax accounting is initiated with respect to any property such accounting shall not be discontinued on that property, without approval of the Commission.

E. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to surplus or make any use thereof except as provided in the text of this account without prior approval of the Commission. Any remaining deferred tax balance with respect to any year's plant additions or subdivisions thereof for which liberalized depreciation accounting has been followed upon retirement from service of such property or predominant portion thereof, or upon expiration of the estimated useful life on which the depreciation calculations for tax purposes are based, shall be credited to account 411, Income Taxes Deferred in

Prior Years—Credit, or otherwise applied as the Commission may authorize or direct.

283 Accumulated deferred income taxes—Other.

A. This account, when its use has been authorized by the Commission for specific types of tax deferrals shall be credited and account 410, Provision for Deferred Income Taxes, shall be debited with an amount equal to that by which taxes on income payable for the year are lower because of the current use of deductions other than accelerated amortization or liberalized depreciation in the computation of income taxes, which deductions for general accounting purposes will not be fully reflected in the utility's determination of annual net income until subsequent years.

B. This account, when its use has been authorized by the Commission, shall be debited and account 411, Income Taxes Deferred in Prior Years—Credit, shall be credited with an amount equal to that by which taxes on income payable for the year are greater because of deferral of taxes on income in previous years, as provided by paragraph A, above, because of difference in timing for tax purposes of particular income deductions from that recognized by the utility for general accounting purposes, other than with respect to accelerated amortization or liberalized depreciation. Such debit to this account and credit to account 411 shall, in general, represent the effect on taxes payable in the current year of the smaller deduction permitted for tax purposes as compared to the amount recognized in the utility's general accounts with respect to the item or class of items for which deferred tax accounting by the utility was authorized by the Commission.

C. Records with respect to entries to this account, as described above, and the account balance, shall be so maintained as to show the factors of calculation with respect to each annual amount of the item or class of items, other than accelerated amortization or liberalized depreciation, for which tax deferral accounting by the utility is authorized by the Commission.

D. The utility is restricted in its use of this account to the purposes set forth above. It shall not transfer the balance in the account or any portion thereof to

surplus or make any use thereof except as provided in the text of this account, without prior approval of the Commission. Any remaining deferred tax account balance with respect to an amount for any prior year's tax deferral, the amortization of which or other recognition in the utility's income accounts has been completed, or other disposition made, shall be credited to account 411, Income Taxes Deferred in Prior Years—Credit, or otherwise disposed of as the Commission may authorize or direct.

Note: In determining appropriate use of this account as a basis of request to the Commission for authorization of its use, consideration shall be given to the relative importance of the amount involved, and to other items in the utility's accounts where "prepaid tax accounting" may be appropriate such as situations (a) where the time of taking a deduction in computing taxes on income is such that the tax deduction must be delayed or applied to a series of future years as opposed to earlier recognition of such item in determination of income in the general accounts of the utility, or (b) where inclusion of an income item is required for tax purposes but is to be recognized in whole or in part in the utility's income accounts of a subsequent year or years.

Electric Plant Accounts

1. INTANGIBLE PLANT

Sec.
301 Organization.
302 Franchises and consents.
303 Miscellaneous intangible plant.

2. PRODUCTION PLANT

A. STEAM PRODUCTION

310 Land and land rights.
311 Structures and improvements.
312 Boiler plant equipment.
313 Engines and engine driven generators.
314 Turbogenerator units.
315 Accessory electric equipment.
316 Miscellaneous power plant equipment.

B. NUCLEAR PRODUCTION

320 Land and land rights.
321 Structures and improvements.
322 Reactor plant equipment.
323 Turbogenerator units.
324 Accessory electric equipment.
325 Miscellaneous power plant equipment.

C. HYDRAULIC PRODUCTION

330 Land and land rights.
331 Structures and improvements.
332 Reservoirs, dams and waterways.
333 Water wheels, turbines and generators.
334 Accessory electric equipment.
335 Miscellaneous power plant equipment.
336 Roads, railroads and bridges.

- trenches and accessories, etc., except sluices which are a part of a building.
2. Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, and vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drives.
3. Boiler plant cranes and hoists and associated drives.
4. Boilers and equipment, including boilers and baffles, economizers, superheaters, soot blowers, foundations and settings, water walls, arches, grates, insulation, blow-down system, drying out of new boilers, also associated motors or other power equipment.
5. Breaching and accessories, including breaching, clampers, soot spouts, hoppers and gates, cinder eliminators, breeching insulation, soot blowers and associated motors.
6. Coal handling and storage equipment, including coal towers, coal lorries, coal cars, locomotives and tracks when devoted principally to the transportation of coal, hoppers, downtakes, unloading and hoisting equipment, skip hoists and conveyors, weighing equipment, magnetic separators, cable ways, housings and supports for coal handling equipment.
7. Draft equipment, including air preheaters and accessories, induced and forced draft fans, air ducts, combustion control mechanisms, and associated motors or other power equipment.
8. Gas-burning equipment, including holders, burner equipment and piping, control equipment, etc.
9. Instruments and devices, including all measuring, indicating, and recording equipment for boiler plant service together with mountings and supports.
10. Lighting systems.
11. Oil-burning equipment, including tanks, heaters, pumps with drive, burner equipment and piping, control equipment, etc.
12. Pulverized fuel equipment, including pulverizers, accessory motors, primary air fans, cyclones and ducts, dryers, pulverized fuel bins, pulverized fuel conveyors and equipment, burner's, burner piping, priming equipment, air compressors, motors, etc.
13. Stacks, including foundations and supports, stack steel and ladders, stack brick work, stack concrete, stack lining, stack painting (first), when set on separate foundations, independent of substructure or superstructure of building.
14. Station piping, including pipe, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, air piping or piping specifically provided for in account 313.
- D. Records supporting this account shall be kept so as to show separately the book cost of each franchise or consent.**
- NOTE: Annual or other periodic payments under franchises shall not be included herein but in the appropriate operating expense account.
- 303 Miscellaneous intangible plant.**
- A. This account shall include the cost of patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of utility operations and not specifically chargeable to any other account.
- B. When any item included in this account is retired or expires, the book cost thereof shall be credited hereto and charged to account 435, Miscellaneous Debits to Surplus, or account 111, Accumulated Provision for Amortization of Electric Plant in Service, as appropriate.
- C. This account shall be maintained in such a manner that the utility can furnish full information with respect to the amounts included herein.
- 2. PRODUCTION PLANT**
- A. STEAM PRODUCTION**
- 310 Land and land rights.**
- This account shall include the cost of land and land rights used in connection with steam-power generation. (See electric plant instruction 7.)
- 311 Structures and improvements.**
- This account shall include the cost in place of structures and improvements used in connection with steam-power generation. (See electric plant instruction 8.)
- NOTE: Include steam production roads and railroads in this account.
- 312 Boiler plant equipment.**
- This account shall include the cost installed of furnaces, boilers, coal and ash handling and coal preparing equipment, steam and feed water piping, boiler apparatus and accessories used in the production of steam, mercury, or other vapor to be used primarily for generating electricity.
- ITEMS**
1. Ash handling equipment, including hoppers, gates, cars, conveyors, hoists, sluicing equipment, including pumps and motors, sluicing water pipe and fittings, sluicing
- 2. Fees and expenses for incorporation.**
- 3. Fees and expenses for mergers or consolidations.**
- 4. Office expenses incident to organizing the utility.**
- 5. Stock and minute books and corporate seal.**
- NOTE A: This account shall not include any discounts upon securities issued or assumed; nor shall it include any costs incident to negotiating loans, selling bonds or other evidences of debt or expenses in connection with the authorization, issuance or sale of capital stock.
- NOTE B: Exclude from this account and include in the appropriate expense account the cost of preparing and filing papers in connection with the extension of the term of incorporation unless the first organization costs have been written off. When charges are made to this account for expenses incurred in mergers, consolidations, or reorganizations, amounts previously included herein or in similar accounts in the books of the companies concerned shall be excluded from this account.
- 302 Franchises and consents.**
- A. This account shall include amounts paid to the federal government, to a state or to a political subdivision thereof in consideration for franchises, consents, water power licenses, or certificates, running in perpetuity or for a specified term of more than one year, together with necessary and reasonable expenses incident to procuring such franchises, consents, water power licenses, or certificates of permission and approval, including expenses of organizing and merging separate corporations, where statutes require, solely for the purpose of acquiring franchises.
- B. If a franchise, consent, water power license or certificate is acquired by assignment, the charge to this account in respect thereof shall not exceed the amount paid therefor by the utility to the assignor, nor shall it exceed the amount paid by the original grantee, plus the expense of acquisition to such grantee. Any excess of the amount actually paid by the utility over the amount above specified shall be charged to account 435, Miscellaneous Debits to Surplus.
- C. When any franchise has expired, the book cost thereof shall be credited hereto and charged to account 435, Miscellaneous Debits to Surplus, or to account 111, Accumulated Provision for Amortization of Electric Plant in Service, as appropriate.
- 2. OTHER PRODUCTION**
- 340 Land and land rights.**
- 341 Structures and improvements.**
- 342 Fuel holders, producers and accessories.**
- 343 Prime movers.**
- 344 Generators.**
- 345 Accessory electric equipment.**
- 346 Miscellaneous power plant equipment.**
- 3. TRANSMISSION PLANT**
- 350 Land and land rights.**
- 351 Clearing land and rights of way.**
- 352 Structures and improvements.**
- 353 Station equipment.**
- 354 Towers and fixtures.**
- 355 Poles and fixtures.**
- 356 Overhead conductors and devices.**
- 357 Underground conduit.**
- 358 Underground conductors and devices.**
- 359 Roads and trails.**
- 4. DISTRIBUTION PLANT**
- 360 Land and land rights.**
- 361 Structures and improvements.**
- 362 Station equipment.**
- 363 Storage battery equipment.**
- 364 Poles, towers and fixtures.**
- 365 Overhead conductors and devices.**
- 366 Underground conduit.**
- 367 Underground conductors and devices.**
- 368 Line transformers.**
- 369 Services.**
- 370 Meters.**
- 371 Installations on customers' premises.**
- 372 Leased property on customers' premises.**
- 373 Street lighting and signal systems.**
- 5. GENERAL PLANT**
- 389 Land and land rights.**
- 390 Structures and improvements.**
- 391 Office furniture and equipment.**
- 392 Transportation equipment.**
- 393 Stores equipment.**
- 394 Tools, shop and garage equipment.**
- 395 Laboratory equipment.**
- 396 Power operated equipment.**
- 397 Communication equipment.**
- 398 Miscellaneous equipment.**
- 399 Other tangible property.**
- Electric Plant Accounts**
- 1. INTANGIBLE PLANT**
- 301 Organization.**
- This account shall include all fees paid to federal or state governments for the privilege of incorporation and expenditures incident to organizing the corporation, partnership, or other enterprise and putting it into readiness to do business.
- ITEMS**
1. Cost of obtaining certificates authorizing an enterprise to engage in the public utility business.

5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency-control equipment, master clocks, wat-hour meters and synchroscope in the turbine room, station totalizing wattmeter, boiler-room load indicator equipment, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electricity for the purposes of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

316 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the steam generating plant devoted to general station use, and which is not properly includible in any of the foregoing steam-power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
5. Locomotive cranes not includible elsewhere.
6. Locomotives not includible elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, counter-shafts, etc.
9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrastate communication equipment, laboratory equipment, signal systems, callphones, emergency whistles and sirens, fire alarms, insect-control equipment, and other similar equipment.
10. Railway cars not includible elsewhere.

18. Steelwork, specially constructed for apparatus listed herein.

19. Throttle and inlet valve.

20. Tunnels, intake and discharge, for condenser system, when not a part of structure, water screens, etc.

21. Turbogenerators—main, including turbine and generator, field rheostats and electric connections for self-excited units.

22. Water screens, motors, etc.

23. Moisture separator for turbine steam.

24. Turbine lubricating oil (initial charge).

315 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by steam power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which they are associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housing, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.
4. Station buses including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, special fire-extinguishing system, and test equipment.

14. Mechanical meters, including gauges, recording instruments, sampling and testing equipment.

15. Piping—main exhaust, including connections between generator and condenser and between condenser and hotwell.

16. Piping—main steam, including connections from main throttle valve to turbine inlet.

17. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

18. Pressure oil system, including accumulators, pumps, piping, motors, etc.

19. Throttle and inlet valve.

20. Tunnels, intake and discharge, for condenser system, when not a part of a structure.

21. Water screens, motors, etc.

314 Turbogenerator units.

This account shall include the cost installed of main turbine-driven units and accessory equipment used in generating electricity by steam.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.
2. Circulating pumps, including connections between condensers and intake and discharge tunnels.
3. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
4. Generator hydrogen, gas piping and deaeration equipment.
5. Cooling system, including towers, pumps, tanks and piping.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Excitation system, when identified with main generating units.
8. Fire-extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Governors.
11. Lighting systems.
12. Lubricating systems, including gauges, filters, water separators, tanks, pumps, piping, motors, etc.
13. Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
14. Piping—main exhaust, including connections between turbogenerator and condenser and between condenser and hotwell.
15. Piping—main steam, including connections from main throttle valve to turbine inlet.
16. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
17. Pressure oil systems, including accumulators, pumps, piping, motors, etc.

15. Stoker or equivalent feeding equipment, including stokers and accessory motors, clinker grinders, fans and motors, etc.

16. Ventilating equipment.

17. Water purification equipment, including softeners and accessories, evaporators and accessories, heat exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.

18. Water-supply systems, including pumps, motors, strainers, raw-water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.

19. Wood fuel equipment, including hoppers, fuel hogs and accessories, elevators and conveyors, bins and gates, spouts, measuring equipment and associated drives.

NOTE: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, pipe line, cooling ponds, or where gas or oil is used as a fuel for producing steam and is supplied through a pipe line system owned by the utility, the cost of such special facilities shall be charged to a subdivision of account 311, Structures and Improvements.

313 Engines and engine-driven generators.

This account shall include the cost installed of steam engines, reciprocating or rotary, and their associated auxiliaries; and engine-driven main generators, except turbogenerator units.

ITEMS

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.
2. Belting, shafting, pulleys, reduction gearing, etc.
3. Circulating pumps, including connections between condensers and intake and discharge tunnels.
4. Cooling system, including towers, pumps, tank, and piping.
5. Condensers, including condensate pumps, air and vacuum pumps, ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Engines, reciprocating or rotary.
8. Fire-extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Generators—Main, a.c. or d.c., including field rheostats and connections for self-excited units, and excitation systems when identified with the generating unit.
11. Governors.
12. Lighting systems.
13. Lubricating systems, including gauges, filters, tanks, pumps, piping, motors, etc.

In the account in which the equipment with which they are associated is included.

Note: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

Items

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housing, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.
4. Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and interlocks, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station grounding system, fire-extinguishing system, and test equipment.
5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature recording devices, frequency-control equipment, master clocks, wait-hour meters and synchroscope in the turbine room, station totalizing wattmeter, boiler-room load indicator equipment, storage batteries, panels and charging sets, instrument transformers and supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.

Items

1. Air cleaning and cooling apparatus, including blowers, drive equipment, air ducts not a part of building, louvers, pumps, hoods, etc.
2. Circulating pumps, including connections between condensers, and intake and discharge tunnels.
3. Condensers, including condensate pumps, air and vacuum pumps ejectors, unloading valves and vacuum breakers, expansion devices, screens, etc.
4. Generator hydrogen gas piping system and hydrogen detrainment equipment, and bulk hydrogen gas storage equipment.
5. Cooling system, including towers, pumps, tanks and piping.
6. Cranes, hoists, etc., including items wholly identified with items listed herein.
7. Excitation system, when identified with main generating units.
8. Fire extinguishing systems.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Governors.
11. Lighting systems.
12. Lubricating systems, including gauges, filters, water separators, tanks, pumps, piping, motors, etc.
13. Mechanical meters, including gauges, recording instruments, sampling and testing equipment.
14. Piping—main exhaust, including connections between turbogenerator and condenser and between condenser and hotwell.
15. Piping—main steam, including connections from main throttle valve to turbine inlet.
16. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
17. Pressure oil systems, including accumulators, pumps, piping, motors, etc.
18. Steelwork, specially constructed for apparatus listed herein.
19. Throttle and inlet valve.
20. Tunnels, intake and discharge, for condenser system, when not a part of structure, water screens, etc.
21. Turbogenerators—main, including turbine and generator, field rheostats and electric connections for self-excited units.
22. Water screens, motors, etc.
23. Moisture separators for turbine steam.
24. Turbine lubricating oil (initial charge).

324 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by nuclear power, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included

3. Boilers and heat exchangers.
4. Instruments and devices, including all measuring, indicating, and recording equipment for reactor and boiler plant service together with mountings and supports.
5. Lighting systems.
6. Moderators, such as heavy water, graphite, etc., initial charge.
7. Reactor coolant; primary and secondary systems (initial charge).
8. Radioactive waste treatment and disposal equipment, including tanks, ion exchangers, incinerators, condensers, chimneys, and diluting fans and pumps.
9. Foundations and settings, especially constructed for and not expected to outlast the apparatus for which provided.
10. Reactor including shielding, control rods and mechanisms.
11. Reactor fuel handling equipment, including manipulating and extraction tools, underwater viewing equipment, seal cutting and welding equipment, fuel transfer equipment and fuel disassembly machinery.
12. Reactor fuel element failure detection system.
13. Reactor emergency poison container and injection system.
14. Reactor pressurizing and pressure relief equipment, including pressurizing tanks and immersion heaters.
15. Reactor coolant or moderator circulation charging, purification, and discharging equipment, including tanks, pumps, heat exchangers, demineralizers, and storage.
16. Station piping, including pipes, valves, fittings, separators, traps, desuperheaters, hangers, excavation, covering, etc., for station piping system, including all-reactor coolant, steam, condensate, boiler feed and water supply piping, etc., but not condensing water, plumbing, building heating, oil, gas, or air piping.
17. Ventilating equipment.
18. Water purification equipment, including softeners, demineralizers, and accessories, evaporators and accessories, heat exchangers, filters, tanks for filtered or softened water, pumps, motors, etc.
19. Water supply systems, including pumps, motors, strainers, raw-water storage tanks, boiler wash pumps, intake and discharge pipes and tunnels not a part of a building.
20. Reactor plant cranes and hoists, and associated drives.

Items

Note: When the system for supplying boiler or condenser water is elaborate, as when it includes a dam, reservoir, canal, pipe lines, or cooling ponds, the cost of such special facilities shall be charged to a sub-division of account 321. Structures and improvements.

323 Turbogenerator units.

This account shall include the cost installed of main turbine-driven units and accessory equipment used in generating electricity by steam.

11. Refrigerating systems, including compressors, pumps, cooling coils, etc.
12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
13. Ventilating equipment, including items wholly identified with apparatus listed herein.

Note: When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

B. NUCLEAR PRODUCTION

320 Land and land rights.

This account shall include the cost of land and land rights used in connection with nuclear power generation. (See electric plant instruction 7.)

321 Structures and improvements.

This account shall include the cost in place of structures and improvements used and useful in connection with nuclear power generation. (See electric plant instruction 8.)

Note: Include vapor containers and nuclear production roads and railroads in this account.

322 Reactor plant equipment.

This account shall include the installed cost of reactors, reactor fuel handling and storage equipment, pressurizing equipment, coolant charging equipment, purification and discharging equipment, radioactive waste treatment and disposal equipment, boilers, steam and feed water piping, reactor and boiler apparatus and accessories and other reactor plant equipment used in the production of steam to be used primarily for generating electricity, including auxiliary superheat boilers and associated equipment in systems which change temperatures or pressure of steam from the reactor system.

Items

1. Auxiliary superheat boilers and associated fuel storage handling preparation and burning equipment, etc. (See account 312, Boiler Plant Equipment, for items, but exclude water supply, water flow lines, and steam lines, as well as other equipment not strictly within the superheat function.)
2. Boiler feed system, including feed water heaters, evaporator condensers, heater drain pumps, heater drainers, deaerators, and vent condensers, boiler feed pumps, surge tanks, feed water regulators, feed water measuring equipment, and all associated drives.

2. Excitation system, including motor, turbine, and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.

3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housings, protective screens, etc.

4. Station buses, including main, auxiliary, transfer, synchronizing, and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors starting transformers, current transformers, potential transformers, protective relays, storage batteries, and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special fire-extinguishing system, and test equipment.

5. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, truck-type boards complete, cubicles, station supervisory control devices, frequency control equipment, master clocks, watt-hour meter, station totalizing watt-meter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housings for batteries, protective screens, doors, etc.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of electricity for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment, it shall be included in such equipment account.

335 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the hydroelectric generating plant which is devoted to general station use and is not properly includible in other hydraulic production accounts.

other purposes, if the equipment used for such purposes is a part of the hydraulic power plant works.

ITEMS

1. Exciter water wheels and turbines, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, and draft-tube supports.

2. Fire-extinguishing equipment.

3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.

5. Generators—main, a.c. or d.c., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.

6. Lighting systems.

7. Lubricating systems, including gauges, filters, tanks, pumps, piping, etc.

8. Main penstock valves and appurtenances, including main valves, control equipment, bypass valves and fittings, and other accessories.

9. Main turbines and water wheels, including runners, gates, governors, pressure regulators, oil pumps, operating mechanisms, scroll cases, draft tubes, and draft-tube supports.

10. Mechanical meters and recording instruments.

11. Miscellaneous water-wheel equipment, including gauges, thermometers, meters, and other instruments.

12. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

13. Scroll case filling and drain system, including gates, pipe, valves, fittings, etc.

14. Water-actuated pressure-regulator system, including tanks and housings, pipes, valves, fittings and insulations, piers and anchorage, and excavation and backfill.

334 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts, such motors being included in the account in which the equipment with which they are associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.

331 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with hydraulic power generation. (See electric plant instruction 8.)

332 Reservoirs, dams and waterways.

This account shall include the cost in place of facilities used for impounding, collecting, storage, diversion, regulation, and delivery of water used primarily for generating electricity.

ITEMS

1. Bridges and culverts (when not a part of roads or railroads).

2. Clearing and preparing land.

3. Dams, including wasteways, spillways, flash boards, spillway gates with operating and control mechanisms, tunnels, gate houses, and fish ladders.

4. Dikes and embankments.

5. Electric system, including conductors, control system, transformers, lighting fixtures, etc.

6. Excavation, including shoring, bracing, bridging, refill, and disposal of excess excavated material.

7. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

8. Intakes, including trash racks, rack cleaners, control gates and valves with operating mechanisms, and intake house when not a part of station structure.

9. Platforms, railings, steps, gratings, etc., appurtenant to structures listed herein.

10. Power line wholly identified with items included herein.

11. Retaining walls.

12. Water conductors and accessories, including canals, tunnels, flumes, penstocks, pipe conductors, forebays, tailraces, navigation locks and operating mechanisms, water-hammer and surge tanks, and supporting trestles and structures.

13. Water storage reservoirs, including dams, flashboards, spillway gates and operating mechanisms, inlet and outlet tunnels, regulating valves and valve towers, silt and mud sluicing tunnels with valve or gate towers, and all other structures wholly identified with any of the foregoing items.

333 Water wheels, turbines and generators.

This account shall include the cost installed of water wheels and hydraulic turbines (from connection with penstock or flume to tailrace) and generators driven thereby devoted to the production of electricity by water power or for the production of power for industrial or

NOTE: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

325 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the nuclear generating plant and devoted to general station use, and which is not properly includible in any of the foregoing nuclear-power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.

2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.

3. Fire-extinguishing equipment for general station and site use.

4. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

5. Locomotive cranes not includible elsewhere.

6. Locomotives not included elsewhere.

7. Marine equipment, including boats, barges, etc.

8. Miscellaneous belts, pulleys, counter-shafts, etc.

9. Miscellaneous equipment, including atmospheric and weather recording devices, intrastate communication equipment, laboratory equipment, signal systems, calophones, emergency whistles and sirens, fire alarms, insect-control equipment, and other similar equipment.

10. Railway cars or special shipping containers not includible elsewhere.

11. Refrigerating systems, including compressors, pumps, cooling coils, etc.

12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.

13. Ventilating equipment, including items wholly identified with apparatus listed herein.

14. Station and area radiation monitoring equipment.

NOTE: When any item of equipment listed herein is wholly used in connection with equipment included in another account, its cost shall be included in such other account.

C. HYDRAULIC PRODUCTION

330 Land and land rights.

This account shall include the cost of land and land rights used in connection with hydraulic power generation. (See electric plant instruction 7.)

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
5. Locomotive cranes not includible elsewhere.
6. Locomotives not includible elsewhere.
7. Marine equipment, including boats, barges, etc.
8. Miscellaneous belts, pulleys, counter-shafts, etc.
9. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, insect control equipment, signal systems, calophones, emergency whistles and sirens, fire alarms, and other similar equipment.
10. Railway cars, not includible elsewhere.
11. Refrigerating system, including compressors, pumps, cooling coils, etc.
12. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
13. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE: When any item of equipment, listed herein is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

336 Roads, railroads and bridges.

This account shall include the cost of roads, railroads, trails, bridges, and trestles used primarily as production facilities. It includes also those roads, etc., necessary to connect the plant with highway transportation systems, except when such roads are dedicated to public use and maintained by public authorities.

ITEMS

1. Bridges, including foundations, piers, girders, trusses, flooring, etc.
2. Clearing land.
3. Railroads, including grading, ballast, ties, rails, culverts, hoists, etc.
4. Roads, including grading, surfacing, culverts, etc.
5. Structures, constructed and maintained in connection with items listed herein.
6. Trails, including grading, surfacing, culverts, etc.
7. Trestles, including foundations, piers, girders, trusses, flooring, etc.

NOTE A: Roads intended primarily for connecting employees' houses with the power plant shall not be included herein but in account 331, Structures and Improvements.

NOTE B: The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall not be included herein but shall be charged to the accounts appropriate for the construction.

D. OTHER PRODUCTION

340 Land and land rights.

This account shall include the cost of land and land rights used in connection with other power generation. (See electric plant instruction 7.)

341 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with other power generation. (See electric plant instruction 8.)

342 Fuel holders, producers, and accessories.

This account shall include the cost installed of fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the cost of gas producers and accessories devoted to the production of gas for use in prime movers driving main electric generators.

ITEMS

1. Blower and fans.
2. Boilers and pumps.
3. Economizers.
4. Exhauster outfits.
5. Flues and piping.
6. Pipe system.
7. Producers.
8. Regenerators.
9. Scrubbers.
10. Steam injectors.
11. Tanks for storage of oil, gasoline, etc.
12. Vaporizers.

343 Prime movers.

This account shall include the cost installed of Diesel or other prime movers devoted to the generation of electric energy, together with their auxiliaries.

ITEMS

1. Air-filtering system.
2. Baking, shafting, pulleys, reduction gearing, etc.

3. Cooling system, including towers, pumps, tanks, and piping.
4. Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
5. Engines, Diesel, gasoline, gas, or other internal combustion.
6. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
7. Governors.
8. Ignition system.
9. Inlet valve.
10. Lighting systems.
11. Lubricating systems, including filters, tanks, pumps, and piping.
12. Mechanical meters, including gauges, recording instruments, sampling, and testing equipment.
13. Mufflers.
14. Piping.
15. Starting systems, compressed air, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.
16. Steelwork, specially constructed for apparatus listed herein.
17. Waste heat boilers, antifluators, etc.

344 Generators.

This account shall include the cost installed of Diesel or other power driven main generators.

ITEMS

1. Cranes, hoists, etc., including items wholly identified with such apparatus.
 2. Fire-extinguishing equipment.
 3. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
 4. Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
 5. Generators—main, a.c. or d.c., including field rheostats and connections for self-excited units and excitation system when identified with the generating unit.
 6. Lighting systems.
 7. Lubricating system, including tanks, filters, strainers, pumps, piping, coolers, etc.
 8. Mechanical meters, and recording instruments.
 9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
- NOTE: If prime movers and generators are so integrated that it is not practical to classify them separately, the entire unit may be included in account 344, Generators.

345 Accessory electric equipment.

This account shall include the cost installed of auxiliary generating apparatus, conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced in other power gen-

erating stations, and the protection of electric circuits and equipment, except electric motors used to drive equipment included in other accounts. Such motors shall be included in the account in which the equipment with which it is associated is included.

ITEMS

1. Auxiliary generators, including boards, compartments, switching equipment, control equipment, and connections to auxiliary power bus.
2. Excitation system, including motor, turbine and dual-drive exciter sets and rheostats, storage batteries and charging equipment, circuit breakers, panels and accessories, knife switches and accessories, surge arresters, instrument shunts, conductors and conduit, special supports for conduit, generator field and exciter switch panels, exciter bus tie panels, generator and exciter rheostats, etc., special housings, protective screens, etc.
3. Generator main connections, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, current transformers, potential transformers, protective relays, isolated panels and equipment, conductors and conduit, special supports for generator main leads, grounding switch, etc., special housing, protective screens, etc.
4. Station control system, including station switchboards with panel wiring, panels with instruments and control equipment only, panels with switching equipment mounted or mechanically connected, trunk-type boards complete, cubicles, station supervisory control boards, generator and exciter signal stands, temperature-recording devices, frequency control equipment, master clocks, watt-hour meter, station totalizing wattmeter, storage batteries, panels and charging sets, instrument transformers for supervisory metering, conductors and conduit, special supports for conduit, switchboards, batteries, special housing for batteries, protective screens, doors, etc.
5. Station buses, including main, auxiliary, transfer, synchronizing and fault ground buses, including oil circuit breakers and accessories, disconnecting switches and accessories, operating mechanisms and interlocks, reactors and accessories, voltage regulators and accessories, compensators, resistors, starting transformers, current transformers, potential transformers, protective relays, storage batteries and charging equipment, isolated panels and equipment, conductors and conduit, special supports, special housings, concrete pads, general station ground system, special fire-extinguishing system, and test equipment.

NOTE A: Do not include in this account transformers and other equipment used for changing the voltage or frequency of elec-

tric energy for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another account, its cost shall be included in such other account.

346 Miscellaneous power plant equipment.

This account shall include the cost installed of miscellaneous equipment in and about the other power generating plant, devoted to general station use, and not properly includible in any of the foregoing other power production accounts.

ITEMS

1. Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
2. Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
3. Fire-extinguishing equipment for general station use.
4. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
5. Miscellaneous equipment, including atmospheric and weather indicating devices, intrasite communication equipment, laboratory equipment, signal systems, callphones, emergency whistles and sirens, fire alarms, and other similar equipment.
6. Miscellaneous belts, pulleys, counter-shafts, etc.
7. Refrigerating system including compressors, pumps, cooling coils, etc.
8. Station maintenance equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
9. Ventilating equipment, including items wholly identified with apparatus listed herein.

NOTE: When any item of equipment, listed herein is used wholly in connection with equipment included in another account, its cost shall be included in such other account.

3. TRANSMISSION PLANT

350 Land and land rights.

This account shall include the cost of land and land rights used in connection with transmission operations. (See electric plant instruction 7.)

351 Clearing land and rights of way.

This account shall include the cost of initial or original clearing of transmission land and rights of way.

NOTE: The cost of removing stumps, grading, excavating, etc., incident to the pre-

paration of foundations for towers or other structures or to the construction of roads, trails, and bridges, shall not be included in this account but in the accounts directly benefited.

352 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with transmission operations. (See electric plant instruction 8.)

353 Station equipment.

This account shall include the cost installed of transforming, conversion, and switching equipment used for the purpose of changing the characteristics of electricity in connection with its transmission or for controlling transmission circuits.

ITEMS

1. Bus compartments, concrete, brick, and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not a part of a building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.
8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.
12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches.
13. Tools and appliances.

354 Towers and fixtures.

This account shall include the cost installed of towers and appurtenant fixtures.

tures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, guys, braces.
2. Brackets.
3. Crossarms, including braces.
4. Excavation, backfill, and disposal of excess excavated material.
5. Foundations.
6. Guards.
7. Insulator pins and suspension bolts.
8. Ladders and steps.
9. Railings, etc.
10. Towers.

355 Poles and fixtures.

This account shall include the cost installed of transmission line poles, wood, steel, concrete, or other material, together with appurtenant fixtures used for supporting overhead transmission conductors.

ITEMS

1. Anchors, head arm and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Gaining, roofing, stenciling, and tagging.
7. Insulator pins and suspension bolts.
8. Paving.
9. Pole steps.
10. Poles, wood, steel, concrete, or other material.
11. Racks complete with insulators.
12. Reinforcing and stubbing.
13. Settings.
14. Shaving and painting.

356 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for transmission purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires and ground clamps.
4. Insulators, including pin, suspension, and other types.
5. Lightning arresters.
6. Switches.
7. Other line devices.

357 Underground conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing transmission cables or wires. (See electric plant instruction 14.)

ITEMS

1. Conduit, concrete, brick or tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
4. Lighting systems.
5. Manholes, concrete or brick, including iron or steel, frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
6. Municipal inspection.
7. Pavement disturbed, including cutting and replacing pavement, pavement base and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstructions.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

358 Underground conductors and devices.

This account shall include the cost installed of underground conductors and devices used for transmission purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, potheads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chambers, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, potheads and connections, ventilating equipment, etc.
7. Lead and fabric covered conductors, including insulators, compound filled, oil filled, or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

359 Roads and trails.

This account shall include the cost of roads, trails, and bridges used primarily as transmission facilities.

ITEMS

1. Bridges, including foundation piers, girders, trusses, flooring, etc.
2. Clearing land.
3. Roads, including grading, surfacing, culverts, etc.
4. Structures, constructed and maintained in connection with items included herein.
5. Tralls, including grading, surfacing, culverts, etc.

NOTE: The cost of temporary roads, bridges, etc., necessary during the period of construction but abandoned or dedicated to public use upon completion of the plant, shall be charged to the accounts appropriate for the construction.

4. DISTRIBUTION PLANT

360 Land and land rights.

This account shall include the cost of land and land rights used in connection with distribution operations. (See electric plant instruction 7.)

NOTE: Do not include in this account the cost of permits to erect poles, towers, etc., or to trim trees. (See account 364, Poles, Towers and Fixtures, and account 365, Overhead Conductors and Devices.)

361 Structures and improvements.

This account shall include the cost in place of structures and improvements used in connection with distribution operations. (See electric plant instruction 8.)

362 Station equipment.

This account shall include the cost installed of station equipment, including transformer banks, etc., which are used for the purpose of changing the characteristics of electricity in connection with its distribution.

ITEMS

1. Bus compartments, concrete, brick and sectional steel, including items permanently attached thereto.
2. Conduit, including concrete and iron duct runs not part of building.
3. Control equipment, including batteries, battery charging equipment, transformers, remote relay boards, and connections.
4. Conversion equipment, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections.
5. Fences.
6. Fixed and synchronous condensers, including transformers, switching equipment, blowers, motors, and connections.
7. Foundations and settings, specially constructed for and not expected to outlast the apparatus for which provided.

8. General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
9. Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.
10. Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
11. Switchboards, including meters, relays, control wiring, etc.
12. Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, disconnect switches.

NOTE: The cost of rectifiers, series transformers, and other special station equipment devoted exclusively to street lighting service shall not be included in this account, but in account 373, Street Lighting and Signal Systems.

363 Storage battery equipment.

This account shall include the cost installed of storage battery equipment used for the purpose of supplying electricity to meet emergency or peak demands.

ITEMS

1. Batteries, including elements, tanks, tank insulators, etc.
2. Battery room connections, including cable or bus runs and connections.
3. Battery room flooring, when specially laid for supporting batteries.
4. Charging equipment, including motor generator sets and other charging equipment and connections, and cable runs from generator or station bus to battery room connections.
5. Miscellaneous equipment, including instruments, water stills, etc.
6. Switching equipment, including end-cell switches and connections, boards and panels, used exclusively for battery control, not part of general station switchboard.
7. Ventilating equipment, including fans and motors, louvers, and ducts not part of building.

NOTE: Storage batteries used for control and general station purposes shall not be included in this account but in the account appropriate for their use.

364 Poles, towers and fixtures.

This account shall include the cost installed of poles, towers, and appurtenant fixtures used for supporting overhead distribution conductors and service wires.

ITEMS

1. Anchors, head arm, and other guys, including guy guards, guy clamps, strain insulators, pole plates, etc.
2. Brackets.
3. Crossarms and braces.
4. Excavation and backfill, including disposal of excess excavated material.
5. Extension arms.
6. Foundations.
7. Guards.
8. Insulator pins and suspension bolts.
9. Paving.
10. Permits for construction.
11. Pole steps and ladders.
12. Poles, wood, steel, concrete, or other material.
13. Racks complete with insulators.
14. Railings.
15. Reinforcing and stubbing.
16. Settings.
17. Shaving, painting, gaining, roofing, stenciling, and tagging.
18. Towers.
19. Transformer racks and platforms.

365 Overhead conductors and devices.

This account shall include the cost installed of overhead conductors and devices used for distribution purposes.

ITEMS

1. Circuit breakers.
2. Conductors, including insulated and bare wires and cables.
3. Ground wires, clamps, etc.
4. Insulators, including pin, suspension, and other types, and the wire or clamps.
5. Lightning arresters.
6. Railroad and highway crossing guards.
7. Splices.
8. Tree trimming.
9. Tree trimming, initial cost including the cost of permits therefor.
10. Other line devices.

NOTE: The cost of conductors used solely for street lighting or signal systems shall not be included in this account but in account 373, Street Lighting and Signal Systems.

366 Underground conduit.

This account shall include the cost installed of underground conduit and tunnels used for housing distribution cables or wires.

ITEMS

1. Conduit, concrete, brick and tile, including iron pipe, fiber pipe, Murray duct, and standpipe on pole or tower.
2. Excavation, including shoring, bracing, bridging, backfill, and disposal of excess excavated material.
3. Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed.

4. Lighting systems.

5. Manholes, concrete or brick, including iron or steel frames and covers, hatchways, gratings, ladders, cable racks and hangers, etc., permanently attached to manholes.
6. Municipal inspection.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Removal and relocation of subsurface obstructions.
11. Sewer connections, including drains, traps, tide valves, check valves, etc.
12. Sumps, including pumps.
13. Ventilating equipment.

NOTE: The cost of underground conduit used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

367 Underground conductors and devices.

This account shall include the cost installed of underground conductors and devices used for distribution purposes.

ITEMS

1. Armored conductors, buried, including insulators, insulating materials, splices, pot-heads, trenching, etc.
2. Armored conductors, submarine, including insulators, insulating materials, splices in terminal chamber, potheads, etc.
3. Cables in standpipe, including pothead and connection from terminal chamber or manhole to insulators on pole.
4. Circuit breakers.
5. Fireproofing, in connection with any items listed herein.
6. Hollow-core oil-filled cable, including straight or stop joints, pressure tanks, auxiliary air tanks, feeding tanks, terminals, pot-heads and connections, etc.
7. Lead and fabric covered conductors, including insulators, compound-filled, oil-filled or vacuum splices, potheads, etc.
8. Lightning arresters.
9. Municipal inspection.
10. Permits.
11. Protection of street openings.
12. Racking of cables.
13. Switches.
14. Other line devices.

NOTE: The cost of underground conductors and devices used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

368 Line transformers.

A. This account shall include the cost installed of overhead and underground distribution line transformers and pole-type and underground voltage regulators owned by the utility, for use in trans-

forming electricity to the voltage at which it is to be used by the customer, whether actually in service or held in reserve.

B. When a transformer is permanently retired from service, the original installed cost thereof shall be credited to this account.

C. The records covering line transformers shall be so kept that the utility can furnish the number of transformers of various capacities in service and those in reserve, and the location and the use of each transformer.

ITEMS

1. Installation, labor of (first installation only).
2. Transformer cut-out boxes.
3. Transformer lightning arresters.
4. Transformers, line and network.
5. Capacitors.
6. Network protectors.

NOTE: The cost of removing and resetting line transformers shall not be charged to this account but to account 583, Overhead Line Expenses, or account 584, Underground Line Expenses, as appropriate. The cost of line transformers used solely for street lighting or signal systems shall be included in account 373, Street Lighting and Signal Systems.

369 Services.

This account shall include the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the distribution box or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's outlet or wiring. Conduit used for underground service conductors shall be included herein.

ITEMS

1. Brackets.
2. Cables and wires.
3. Conduit.
4. Insulators.
5. Municipal inspection.
6. Overhead to underground, including conduit or standpipe and conductor from last splice on pole to connection with customer's wiring.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Protection of street openings.
10. Service switch.
11. Suspension wire.

370 Meters.

A. This account shall include the cost installed of meters or devices and appurtenances thereto, for use in measuring the electricity delivered to its users, whether actually in service or held in reserve.

B. When a meter is permanently retired from service, the installed cost included herein shall be credited to this account.

C. The records covering meters shall be so kept that the utility can furnish information as to the number of meters of various capacities in service and in reserve as well as the location of each meter owned.

ITEMS

1. Alternating current watt-hour meters.
2. Current limiting devices.
3. Demand indicators.
4. Demand meters.
5. Direct current watt-hour meters.
6. Graphic demand meters.
7. Installation, labor of (first installation only).
8. Instrument transformers.
9. Maximum demand meters.
10. Meter badges and their attachments.
11. Meter boards and boxes.
12. Meter fittings, connections, and shelves (first set).
13. Meter switches and cut-outs.
14. Prepayment meters.
15. Protective devices.
16. Testing new meters.

NOTE A: This account shall not include meters for recording output of a generating station, substation meters, etc. It includes only those meters used to record energy delivered to customers.

NOTE B: The cost of removing and resetting meters shall be charged to account 586, Meter Expenses.

371 Installations on customers' premises.

This account shall include the cost installed of equipment on the customer's side of a meter when the utility incurs such cost and when the utility retains title to and assumes full responsibility for maintenance and replacement of such property. This account shall not include leased equipment, for which see account 372, Leased Property on Customers' Premises.

ITEMS

1. Cable vaults.
2. Commercial lamp equipment.
3. Foundations and settings specially provided for equipment included herein.

4. Frequency changer sets.
5. Motor generator sets.
6. Motors.
7. Switchboard panels, high or low tension.
8. Wire and cable connections to incoming cables.

NOTE: Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

372 Leased property on customers' premises.

This account shall include the cost of electric motors, transformers, and other equipment on customers' premises (including municipal corporations), leased or loaned to customers, but not including property held for sale.

NOTE A: The cost of setting and connecting such appliances or equipment on the premises of customers and the cost of resetting or removal shall not be charged to this account but to operating expenses, account 587, Customer Installations Expenses.

NOTE B: Do not include in this account any costs incurred in connection with merchandising, jobbing, or contract work activities.

373 Street lighting and signal systems.

This account shall include the cost installed of equipment used wholly for public street and highway lighting or traffic, fire alarm, police, and other signal systems.

ITEMS

1. Armored conductors, buried or submarine, including insulators, insulating materials, splices, trenching, etc.
2. Automatic control equipment.
3. Conductors, overhead or underground, including lead or fabric covered, parkway cables, etc., including splices, insulators, etc.
4. Lamps, arc, incandescent, or other types, including glassware, suspension fixtures, brackets, etc.
5. Municipal inspection.
6. Ornamental lamp posts.
7. Pavement disturbed, including cutting and replacing pavement, pavement base, and sidewalks.
8. Permits.
9. Posts and standards.
10. Protection of street openings.
11. Relays or time clocks.
12. Series capacitors.
13. Switches.
14. Transformers, pole or underground.

5. GENERAL PLANT

389 Land and land rights.

This account shall include the cost of land and land rights used for utility

purposes, the cost of which is not properly includible in other land and land rights accounts. (See electric plant instruction 7.)

390 Structures and improvements.

This account shall include the cost in place of structures and improvements used for utility purposes, the cost of which is not properly includible in other structures and improvements accounts. (See electric plant instruction 8.)

391 Office furniture and equipment.

This account shall include the cost of office furniture and equipment owned by the utility and devoted to utility service, and not permanently attached to buildings, except the cost of such furniture and equipment which the utility elects to assign to other plant accounts on a functional basis.

ITEMS

1. Bookcases and shelves.
2. Desks, chairs, and desk equipment.
3. Drafting-room equipment.
4. Filing, storage, and other cabinets.
5. Floor covering.
6. Library and library equipment.
7. Mechanical office equipment, such as accounting machines, typewriters, etc.
8. Safes.
9. Tables.

392 Transportation equipment.

This account shall include the cost of transportation vehicles used for utility purposes.

ITEMS

1. Airplanes.
2. Automobiles.
3. Bicycles.
4. Electrical vehicles.
5. Motor trucks.
6. Motorcycles.
7. Repair cars or trucks.
8. Tractors and trailers.
9. Other transportation vehicles.

393 Stores equipment.

This account shall include the cost of equipment used for the receiving, shipping, handling, and storage of materials and supplies.

ITEMS

1. Chain falls.
2. Counters.
3. Cranes (portable).
4. Elevating and stacking equipment (portable).
5. Holsts.
6. Lockers.
7. Scales.
8. Shelving.

9. Storage bins.
10. Trucks, hand and power driven.
11. Wheelbarrows.
- 394 Tools, shop and garage equipment.**
This account shall include the cost of tools, implements, and equipment used in construction, repair work, general shops and garages and not specifically provided for or includible in other accounts.
- ITEMS
1. Air compressors.
 2. Anvils.
 3. Automobile repair shop equipment.
 4. Battery charging equipment.
 5. Belts, shafts and countershafts.
 6. Benders.
 7. Cable pulling equipment.
 8. Concrete mixers.
 9. Drill presses.
 10. Derricks.
 11. Electric equipment.
 12. Engines.
 13. Forges.
 14. Furnaces.
 15. Foundations and settings specially constructed for and not expected to outlast the equipment for which provided.
 16. Gas producers.
 17. Gasoline pumps, oil pumps and storage tanks.
 18. Greasing tools and equipment.
 19. Hoists.
 20. Ladders.
 21. Lathes.
 22. Machine tools.
 23. Motor-driven tools.
 24. Motors.
 25. Pipe threading and cutting tools.
 26. Pneumatic tools.
 27. Pumps.
 28. Riveters.
 29. Smithing equipment.
 30. Tool racks.
 31. Vises.
 32. Welding apparatus.
 33. Work benches.
- 395 Laboratory equipment.**
This account shall include the cost installed of laboratory equipment used for general laboratory purposes and not specifically provided for or includible in other departmental or functional plant accounts.
- ITEMS
1. Ammeters.
 2. Current batteries.
 3. Frequency changers.
 4. Galvanometers.
 5. Inductometers.
 6. Laboratory standard millivolt meters.
 7. Laboratory standard volt meters.
 8. Meter-testing equipment.
 9. Millivolt meters.
10. Motor generator sets.
11. Panels.
12. Phantom loads.
13. Portable graphic ammeters, voltmeters, and wattmeters.
14. Portable loading devices.
15. Potential batteries.
16. Potentiometers.
17. Rotating standards.
18. Standard cell, reactance, resistor, and shunt.
19. Switchboards.
20. Synchronous timers.
21. Testing panels.
22. Testing resistors.
23. Transformers.
24. Voltmeters.
25. Other testing, laboratory, or research equipment not provided for elsewhere.
- 396 Power operated equipment.**
This account shall include the cost of power operated equipment used in construction or repair work exclusive of equipment includible in other accounts. Include, also, the tools and accessories acquired for use with such equipment and the vehicle on which such equipment is mounted.
- ITEMS
1. Air compressors, including driving unit and vehicle.
 2. Back filling machines.
 3. Boring machines.
 4. Bulldozers.
 5. Cranes and hoists.
 6. Diggers.
 7. Engines.
 8. File drivers.
 9. Pipe cleaning machines.
 10. Pipe coating or wrapping machines.
 11. Tractors—Crawler type.
 12. Trenchers.
 13. Other power operated equipment.
- Note: It is intended that this account include only such large units as are generally self-propelled or mounted on movable equipment.
- 397 Communication equipment.**
This account shall include the cost installed of telephone, telegraph, and wireless equipment for general use in connection with utility operations.
- ITEMS
1. Antennae.
 2. Boats.
 3. Cables.
 4. Distributing boards.
 5. Extension cords.
 6. Gongs.
 7. Hand sets, manual and dial.
 8. Insulators.
 9. Intercommunicating sets.
 10. Loading coils.
11. Operators' desks.
12. Poles and fixtures used wholly for telephone or telegraph wire.
13. Radio transmitting and receiving sets.
14. Remote control equipment and lines.
15. Sending keys.
16. Storage batteries.
17. Switchboards.
18. Telegraph circuit connections.
19. Telegraph receiving sets.
20. Telephone and telegraph circuits.
21. Testing instruments.
22. Towers.
23. Underground conduit used wholly for telephone or telegraph wires and cable wires.
- 398 Miscellaneous equipment.**
This account shall include the cost of equipment, apparatus, etc., used in the utility operations, which is not includible in any other account of this system of accounts.
- ITEMS
1. Hospital and infirmary equipment.
 2. Kitchen equipment.
 3. Recreation equipment.
 4. Radios.
 5. Restaurant equipment.
 6. Soda fountains.
 7. Operators' cottage furnishings.
 8. Other miscellaneous equipment.
- Note: Miscellaneous equipment of the nature indicated above wherever practicable shall be included in the utility plant accounts on a functional basis.
- 399 Other tangible property.**
This account shall include the cost of tangible utility plant not provided for elsewhere.
- Income Accounts
1. UTILITY OPERATING INCOME
- 400 Operating revenues.
Operating expenses.
- 401 Operation expense.
Maintenance expense.
Depreciation expense.
Amortization of limited-term electric plant.
- 405 Amortization of other electric plant.
406 Amortization of electric plant acquisition adjustments.
407 Amortization of property losses.
408 Taxes other than income taxes.
409 Income taxes.
410 Provision for deferred income taxes.
411 Income taxes deferred in prior years—Credit.
Total operating expenses.
Operating income.
- 412-413 Income from electric plant leased to others.
- 414 Other utility operating income.
Total operating income.
2. OTHER INCOME
- 415-416 Income from merchandising, jobbing and contract work.
417 Income from nonutility operations.
418 Nonoperating rental income.
419 Interest and dividend income.
421 Miscellaneous nonoperating income.
Total income.
3. MISCELLANEOUS INCOME DEDUCTIONS
- 425 Miscellaneous amortization.
426 Other income deductions.
Total income deductions.
Income before interest charges.
4. INTEREST CHARGES
- 427 Interest on long-term debt.
428 Amortization of debt discount and expense.
429 Amortization of premium on debt—Cr.
430 Interest on debt to associated companies.
431 Other interest expense.
432 Interest charged to construction—Cr.
Total interest charges.
Net income.
5. EARNED SURPLUS
- 216 Unappropriated earned surplus (at beginning of period).
433 Balance transferred from income.
434 Miscellaneous credits to surplus.
435 Miscellaneous debits to surplus.
436 Appropriations of surplus.
Net addition to earned surplus.
437 Dividends declared—Preferred stock.
438 Dividends declared—Common stock.
216 Unappropriated earned surplus (at end of period).
- Income Accounts
1. UTILITY OPERATING INCOME
- 400 Operating revenues.
There shall be shown under this caption the total amount included in the electric operating revenue accounts provided herein.
- 401 Operation expense.
There shall be shown under this caption the total amount included in the electric operation expense accounts provided herein. (See note to operating expense instruction 3.)
- 402 Maintenance expense.
There shall be shown under this caption the total amount included in the electric maintenance expense accounts provided herein.

403 Depreciation expense.

A. This account shall include the amount of depreciation expense for all classes of depreciable electric plant in service except such depreciation expense as is chargeable to clearing accounts or to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

B. The utility shall keep such records of property and property retirements as will reflect the service life of property which has been retired and aid in estimating probable service life by mortality, turnover, or other appropriate methods; and also such records as will reflect the percentage of salvage and costs of removal for property retired from each account, or subdivision thereof, for depreciable electric plant.

NOTE A: Depreciation expense applicable to property included in account 104, Electric Plant Leased to Others, shall be charged to account 413, Expenses of Electric Plant Leased to Others.

NOTE B: Depreciation expense applicable to transportation equipment, shop equipment, tools, work equipment, power operated equipment and other general equipment may be charged to clearing accounts as necessary in order to obtain a proper distribution of expenses between construction and operation.

404 Amortization of limited-term electric plant.

This account shall include amortization charges applicable to amounts included in the electric plant accounts for limited-term franchises, licenses, patent rights, limited-term interests in land, and expenditures on leased property where the service life of the improvements is terminable by action of the lease. The charges to this account shall be such as to distribute the book cost of each investment as evenly as may be over the period of its benefit to the utility. (See account 111, Accumulated Provision for Amortization of Electric Plant in Service.)

405 Amortization of other electric plant.

A. When authorized by the Commission, this account shall include charges for amortization of intangible or other electric plant in service which does not have a definite or terminable life and which is not subject to charges for depreciation expense.

B. This account shall be supported in such detail as to show the amortization applicable to each investment being

amortized, together with the book cost of the investment and the period over which it is being written off.

406 Amortization of electric plant acquisition adjustments.

This account shall be debited or credited, as the case may be, with amounts includible in operating expenses, pursuant to approval or order of the Commission, for the purpose of providing for the extinguishment of the amount in account 114, Electric Plant Acquisition Adjustments.

407 Amortization of property losses.

This account shall be charged with amounts credited to account 182, Extraordinary Property Losses, when the Commission has authorized the amount in the latter account to be amortized by charges to electric operations.

408 Taxes other than income taxes.

A. This account shall include the amount of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, federal excise taxes, social security taxes, and all other taxes assessed by federal, state, county, municipal, or other local governmental authorities, which are properly chargeable to electric operations, except income taxes.

B. This account shall be charged in each accounting period with the amount of taxes which is applicable thereto, with concurrent credits to account 236, Taxes Accrued, or account 165, Prepayments, as appropriate. When it is not possible to determine the exact amount of taxes, the amount shall be estimated and adjustments made in current accruals as the actual tax levies become known.

C. The charges to this account shall be made or supported so as to show the amount of each tax and the basis upon which each charge is made. In the case of a utility rendering more than one utility service, taxes of the kind includible in this account shall be assigned directly to the utility department the operation of which gave rise to the tax in so far as practicable. Where the tax is not attributable to a specific utility department, it shall be distributed among the utility departments or nonutility operations on an equitable basis.

NOTE A: Taxes applicable to nonutility property or investments shall be charged to

the account in which the income from the property or investments is included.

NOTE B: Special assessments for street and similar improvements shall be included in the appropriate utility plant or nonutility property account.

NOTE C: Taxes specifically applicable to construction shall be included in the cost of construction.

NOTE D: Taxes assumed by the utility on property leased from others for use in utility operations shall be charged to the appropriate rent expense or clearing account.

NOTE E: Gasoline and other sales taxes shall be charged as far as practicable to the same account as the materials on which the tax is levied.

NOTE F: Social security and other forms of so-called pay roll taxes shall be distributed to utility departments and to nonutility functions on a basis related to pay roll. Amounts applicable to construction shall be charged to the appropriate plant account.

409 Income taxes.

A. This account shall include the amount of state and federal taxes on income properly accruable during the period covered by the income statement to meet the actual liability for such taxes. Concurrent credits for the tax accruals shall be made to account 236, Taxes Accrued, and as the exact amount of taxes becomes known, the current tax accruals shall be adjusted accordingly so that this account, as nearly as can be ascertained, shall include the actual taxes payable which are chargeable to utility operations.

B. The accruals for income taxes shall be apportioned among utility departments and nonutility operations so that, as nearly as practicable, each tax shall be included in the expenses of the utility department or nonutility operation the income from which gave rise to the tax.

NOTE A: Taxes assumed by the utility on interest shall be charged to account 431, Other Interest Expense.

NOTE B: Income taxes on income from utility plant leased to others shall be charged to account 413, Expenses of Electric Plant Leased to Others.

NOTE C: Where statutes or regulatory practices require that the profits or losses of merchandising, jobbing and contract work shall not be considered in arriving at rates to be charged for utility service, income taxes on income from merchandising, jobbing and contract work shall be charged to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work.

NOTE D: Income taxes on nonutility income shall be charged to the account in which the income is included. If the amount

of nonutility income is relatively small, the allocation of income taxes thereto may be made annually.

NOTE E: Interest on tax refunds or deficiencies shall not be included in this account but in account 419, Interest and Dividend Income, or account 431, Other Interest Expense, as appropriate.

410 Provision for deferred income taxes.

This account shall be debited, and Accumulated Deferred Income Taxes, shall be credited with an amount equal to any deferral of taxes on income as provided by the texts of accounts 281, 282 and 283. There shall not be netted against entries required to be made to this account any credit amounts appropriately includible in account 411, Income Taxes Deferred in Prior Years—Credit.

411 Income taxes deferred in prior years—Credit.

This account shall be credited and Accumulated Deferred Income Taxes debited with an amount equal to the portion of taxes on income payable for the year that is attributable to a deferral of taxes on income in a prior year, in accordance with the plan of deferred tax accounting provided by the texts of accounts 281, 282, and 283. There shall not be netted against entries required to be made to this account any debit amounts appropriately includible in account 410, Provision for Deferred Income Taxes.

412 Revenues from electric plant leased to others.**413 Expenses of electric plant leased to others.**

A. These accounts shall include respectively, revenues from electric property constituting a distinct operating unit or system leased by the utility to others, and which property is properly includible in account 104, Electric Plant Leased to Others, and the expenses attributable to such property.

B. The detail of expenses shall be kept or supported so as to show separately the following:

Operation.
Maintenance.
Rents.
Depreciation.
Amortization.
Taxes other than income taxes.
Income taxes.

vestments and to interest and dividend revenues thereon shall be charged hereto.

Note: Interest accrued, the payment of which is not reasonably assured, dividends receivable which have not been declared or guaranteed, and interest or dividends upon reacquired securities issued or assumed by the utility shall not be credited to this account.

421 Miscellaneous nonoperating income. This account shall include all revenue and expense items properly includible in the income account and not provided for elsewhere.

ITEMS

1. Profit on sale of timber. (See electric plant instruction 7C.)
2. Profits from operations of others realized by the utility under contracts.

3. MISCELLANEOUS INCOME DEDUCTIONS

425 Miscellaneous amortization.

This account shall include amortization charges not includible in other accounts which are properly deductible in determining the income of the utility before interest charges. Charges includible herein, if significant in amount, must be in accordance with an orderly and systematic amortization program. Similar charges made irregularly without a definite program, or which are dependent upon the amount of net income shall be charged to account 435, Miscellaneous Debits to Surplus.

ITEMS

1. Amortization of utility plant acquisition adjustments, or of intangibles included in utility plant in service when not authorized to be included in utility operating expenses by the Commission.
2. Amortization of amounts in account 182, Extraordinary Property Losses, when not authorized to be included in utility operating expenses by the Commission.
3. Amortization of capital stock discount or expenses when in accordance with a systematic amortization program.

426 Other income deductions.

This account shall include miscellaneous expense items which are nonoperating in nature but which are properly deductible before determining total income before interest charges.

ITEMS

1. Donations for charitable, social or community welfare purposes.
2. Life insurance of officers and employees where utility is beneficiary (net premiums

tions, and the accounts shall be maintained so as to permit ready summarization as follows:

- Operation.
- Maintenance.
- Rents.
- Depreciation.
- Amortization.
- Taxes other than income taxes.
- Income taxes.

418 Nonoperating rental income.

A. This account shall include all rent revenues and related expenses of land, buildings, or other property included in account 121, Nonutility Property, which is not used in operations covered by account 417.

B. The expenses shall include all elements of costs incurred in the ownership and rental of property and the accounts shall be maintained so as to permit ready summarization as follows:

- Operation.
- Maintenance.
- Rents.
- Depreciation.
- Amortization.
- Taxes other than income taxes.
- Income taxes.

419 Interest and dividend income.

A. This account shall include interest revenues on securities, loans, notes, advances, special deposits, tax refunds and all other interest-bearing assets, and dividends on stocks of other companies, whether the securities on which the interest and dividends are received are carried as investments or included in sinking or other special fund accounts.

B. If any interest or dividends are required to be retained in a special fund and the fund is represented by a reserve, the amount of such accretion to the fund shall concurrently be credited to the appropriate reserve account and charged to account 436, Appropriations of Surplus.

C. This account may include the pro rata amount necessary to extinguish (during the interval between the date of acquisition and the date of maturity) the difference between the cost to the utility and the face value of interest-bearing securities. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried.

D. Where significant in amount, expenses, including operating taxes and income taxes, applicable to security in-

2. Demonstrating and selling activities in sales rooms.

3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing wiring, piping, or other property work, on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

Materials and expenses—

13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.

19. Light, heat and power.

20. Depreciation on equipment used primarily for merchandise and jobbing operations.

21. Rent of sales rooms or of equipment.

22. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.

23. Stationery and office supplies and expenses.

24. Taxes directly assignable to merchandise and jobbing operations including income taxes on net income derived therefrom.

25. Losses from uncollectible merchandise and jobbing accounts.

417 Income from nonutility operations.

A. This account shall include revenues and expenses applicable to operations which are nonutility in character but nevertheless constitute a distinct operating activity of the enterprise as a whole, such as the operation of an ice department where applicable statutes do not define such operation as a utility, or the operation of a servicing organization for furnishing supervision, management, engineering, and similar services to others.

B. The expenses shall include all elements of costs incurred in such operations.

414 Other utility operating income.

A. This account shall include the revenues received and expenses incurred in connection with the operations of utility plant, the book cost of which is included in account 118, Other Utility Plant.

B. The expenses shall include every element of cost incurred in such operations, including depreciation, rents, taxes, and insurance.

2. OTHER INCOME

415 Revenues from merchandising, jobbing and contract work.

416 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission, and all expenses incurred in such activities.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

Note: Revenues and expenses of merchandising, jobbing and contract work shall be reported in these accounts, if a state regulatory body having jurisdiction over the utility requires the net income therefrom to be reported as other income; but the revenues and expenses shall be reported in accounts 914, Revenues from Merchandising, Jobbing and Contract Work, and 915, Costs and Expenses of Merchandising, Jobbing and Contract Work, if such regulatory body requires the net income to be reported as an operating income or expense item. In the absence of a requirement by a state regulatory body, the utility may use these accounts or accounts 914 and 915 at its option, in which case the practice of the utility must be consistent.

ITEMS

Account 415:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 416:

Labor—

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.

as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

438 Dividends declared—Common stock.

A. This account shall include amounts declared payable out of earned surplus as dividends on actually outstanding common capital stock issued by the utility.

B. Dividends shall be segregated for each class of common stock as to those payable in cash, stock and other forms. If not payable in cash, the medium of payment shall be described with sufficient particularity to identify it.

Operating Revenue Accounts

1. SALES OF ELECTRICITY

- 440 Residential sales.
- 442 Commercial and industrial sales.
- 444 Public street and highway lighting.
- 445 Other sales to public authorities.
- 446 Sales to railroads and railways.
- 447 Sales for resale.
- 448 Interdepartmental sales.

2. OTHER OPERATING REVENUES

- 450 Forfeited discounts.
- 451 Miscellaneous service revenues.
- 453 Sales of water and water power.
- 454 Rent from electric property.
- 455 Interdepartmental rents.
- 456 Other electric revenues.

Operating Revenue Accounts

1. SALES OF ELECTRICITY

440 Residential sales.

A. This account shall include the net billing for electricity supplied for residential or domestic purposes.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available.

NOTE: When electricity supplied through a single meter is used for both residential and commercial purposes, the total revenue shall be included in this account, or account 442, Commercial and Industrial Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to commercial and industrial service, classification shall be made according to principal use.

442 Commercial and industrial sales.

A. This account shall include the net billing for electricity supplied to cus-

435 Miscellaneous debits to surplus.

This account shall include amounts chargeable to earned surplus but not provided for elsewhere. If an amount otherwise required by the uniform system of accounts to be charged to this account is not significant with respect to net income determination for the year, it may be charged to the appropriate nonoperating income deduction account. (See also general instruction 7, Delayed Items.) All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

ITEMS

- 1. Decline in value of investments.
- 2. Delayed debits as provided in general instruction 7.
- 3. Loss on reacquisition and resale or retirement of utility's debt securities.
- 4. Provision for past accrued depreciation not provided for.
- 5. Long-term debt discount or expense written off.
- 6. Loss on sale of property or investments.
- 7. Write off of utility plant acquisition adjustments or of intangibles when not done under an orderly systematic program indicating the propriety of inclusion of the annual charges in account 425, Miscellaneous Amortization.
- 8. Preliminary survey and investigation expenses on abandoned projects.
- 9. Income taxes, both state and federal, occasioned by items included in account 434, Miscellaneous Credits to Surplus.
- 10. Charges from retirement or resale of reacquired capital stock.

436 Appropriations of surplus.

This account shall include appropriations of earned surplus for purposes not provided for elsewhere.

ITEMS

- 1. Appropriations of income required under terms of mortgages, orders of courts, contracts or other agreements.
- 2. Appropriations of income required by action of regulatory authorities.
- 3. Miscellaneous appropriations of income made at option of utility for specified purposes.

437 Dividends declared—Preferred stock.

A. This account shall include amounts declared payable out of earned surplus as dividends on actually outstanding preferred or prior lien capital stock issued by the utility.

B. Dividends shall be segregated for each class and series of preferred stock

B. The records supporting the entries to this account shall be so kept as to show to whom the interest is to be paid, the period covered by the accrual, the rate of interest and the principal amount of the advances or other obligations on which the interest is accrued.

431 Other interest expense.

This account shall include all interest charges not provided for elsewhere.

ITEMS

- 1. Interest on notes payable on demand or maturing one year or less from date and on open accounts, except notes and accounts with associated companies.
- 2. Interest on customers' deposits.
- 3. Interest on claims and judgments, tax assessments, and assessments for public improvements past due.
- 4. Income and other taxes levied upon bondholders of utility and assumed by it.

432 Interest charged to construction—Cr.

This account shall include concurrent credits for interest charged to construction based upon the net cost for the period of construction of borrowed funds used for construction purposes and a reasonable rate upon other funds when so used. (See electric plant instruction 3(17).)

5. EARNED SURPLUSES

433 Balance transferred from income.

This account shall include the net credit or debit transferred from income for the year.

434 Miscellaneous credits to surplus.

This account shall include credits affecting earned surplus not provided for elsewhere. If an amount otherwise required by the uniform system of accounts to be credited to this account is not significant with respect to net income determination for the year, it may be credited to the appropriate nonoperating income account. (See also general instruction 7, Delayed Items.) All items included in this account shall be sufficiently described in the entries relating thereto as to permit ready analysis.

ITEMS

- 1. Delayed credits as provided in general instruction 7.
- 2. Profit on reacquisition and resale or retirement of utility's debt securities.
- 3. Profit on sale of property or investments.

less increase in cash surrender value of policies).

3. Penalties or fines for violation of statutes pertaining to regulation.

NOTE: The classification of expenses as nonoperating and their inclusion in this account is for accounting purposes. It does not preclude Commission consideration of proof to the contrary for ratemaking or other purposes.

4. INTEREST CHARGES

427 Interest on long-term debt.

A. This account shall include the amount of interest on outstanding long-term debt issued or assumed by the utility, the liability for which is included in account 221, Bonds, or account 224, Other Long-Term Debt.

B. This account shall be so kept or supported as to show the interest accruals on each class and series of long-term debt.

NOTE: This account shall not include interest on nominally issued or nominally outstanding long-term debt, including securities assumed.

428 Amortization of debt discount and expense.

A. This account shall include the amortization of unamortized debt discount and expense on outstanding long-term debt. Amounts charged to this account shall be credited concurrently to account 181, Unamortized Debt Discount and Expense.

B. This account shall be so kept or supported as to show the debt discount and expense on each class and series of long-term debt.

429 Amortization of premium on debt—Cr.

A. This account shall include the amortization of unamortized net premium on outstanding long-term debt. Amounts credited to this account shall be charged concurrently to account 251, Unamortized Premium on Debt.

B. This account shall be so kept or supported as to show the premium on each class and series of long-term debt.

430 Interest on debt to associated companies.

A. This account shall include the interest accrued on amounts included in account 223, Advances from Associated Companies, and on all other obligations to associated companies.

tomers for commercial and industrial purposes.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received under each rate schedule shall be readily available. Records shall be maintained also so as to show separately the revenues from commercial and industrial customers (a) which have demands generally of 1000 kw or more, and (b) those which have demands generally less than 1000 kw. Reasonable deviations above or below the 1000 kw demand are permissible in order that transfers of customers between the two classes during the year may be minimized.

NOTE A: If the utility classifies large commercial and industrial customers and related revenues on a lesser basis than 1000 kilowatts of demand, or segregates industrial customers and related revenues according to a recognized definition of an industrial customer, such classifications are acceptable in lieu of those otherwise required by the text of this account on the basis of 1000 kilowatts of demand.

NOTE B: When electricity supplied through a single meter is used for both commercial and residential purposes, the total revenue shall be included in this account, or in account 440, Residential Sales, according to the rate schedule which is applied. If the same rate schedules apply to residential as to commercial and industrial service, classification shall be made according to the principal use.

444 Public street and highway lighting.

A. This account shall include the net billing for electricity supplied and services rendered for the purposes of lighting streets, highways, parks and other public places, or for traffic or other signal system service, for municipalities or federal governments.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received from each customer shall be readily available. In addition, the records shall be maintained so as to show the revenues from (a) contracts which include both electricity and services, and (b) contracts which include sales of electricity only.

445 Other sales to public authorities.

A. This account shall include the net billing for electricity supplied to municipalities or divisions or agencies of federal or state governments, under special

contracts or agreements or service classifications applicable only to public authorities, except such revenues as are includible in accounts 444 and 447.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenues received from each customer.

446 Sales to railroads and railways.

A. This account shall include the net billing for electricity supplied to railroads and interurban and street railways, for general railroad use, including the propulsion of cars or locomotives, where such electricity is supplied under separate and distinct rate schedules.

B. Records shall be maintained so that the quantity of electricity sold and the revenue received from each customer shall be readily available.

NOTE: Revenues from incidental use of electricity furnished under a contract for propulsion of cars or locomotives shall be included herein.

447 Sales for resale.

A. This account shall include the net billing for electricity supplied to other electric utilities or to public authorities for resale purposes.

B. Records shall be maintained so as to show the quantity of electricity sold and the revenue received from each customer.

NOTE: Revenues from electricity supplied to other public utilities for use by them and not for distribution, shall be included in account 442, Commercial and Industrial Sales, unless supplied under the same contract as and not readily separable from revenues includible in this account.

448 Interdepartmental sales.

A. This account shall include amounts charged by the electric department at tariff or other specified rates for electricity supplied by it to other utility departments.

B. Records shall be maintained so that the quantity of electricity supplied each other department and the charges therefor shall be readily available.

2. OTHER OPERATING REVENUES

450 Forfeited discounts.

This account shall include the amount of discounts forfeited or additional charges imposed because of the failure of customers to pay their electric bills on or before a specified date.

451 Miscellaneous service revenues.

This account shall include revenues for all miscellaneous services and charges billed to customers which are not specifically provided for in other accounts.

Items

1. Fees for changing, connecting or disconnecting service.
2. Profit on maintenance of appliances, wiring, piping or other installations on customers' premises.
3. Net credit or debit (cost less net salvage and less payment from customers) on closing of work orders for plant installed for temporary service of less than one year. (See account 185, Temporary Facilities.)
4. Recovery of expenses in connection with current diversion cases (billing for the electricity consumed shall be included in the appropriate electric revenue account).

453 Sales of water and water power.

A. This account shall include revenues derived from the sale of water for irrigation, domestic, industrial or other uses, or for the development by others of water power, or for headwater benefits; also, revenues derived from furnishing water power for mechanical purposes when the investment in the property used in supplying such water or water power is carried as electric plant in service.

B. The records for this account shall be kept in such manner as to permit an analysis of the rates charged and the purposes for which the water was used.

454 Rent from electric property.

A. This account shall include rents received for the use by others of land, buildings, and other property devoted to electric operations by the utility.

B. When property owned by the utility is operated jointly with others under a definite arrangement for apportioning the actual expenses among the parties to the arrangement, any amount received by the utility for interest or return or in reimbursement of taxes or depreciation on the property shall be credited to this account.

NOTE: Do not include in this account rents from property constituting an operating unit or system. (See account 412, Revenues from Electric Plant Leased to Others.)

455 Interdepartmental rents.

This account shall include rents credited to the electric department on account of rental charges made against other departments (gas, water, etc.) of

the utility. In the case of property operated under a definite arrangement to allocate the costs among the departments using the property, any reimbursement to the electric department for interest or return and depreciation and taxes shall be credited to this account.

456 Other electric revenues.

This account shall include revenues derived from electric operations not includible in any of the foregoing accounts.

Items

1. Commission on sale or distribution of electricity of others when sold under rates filed by such others.
2. Compensation for minor or incidental services provided for others such as customer billing, engineering, etc.
3. Profit or loss on sale of material and supplies not ordinarily purchased for resale and not handled through merchandising and jobbing accounts.
4. Sale of steam, but not including sales made by a steamheating department or transfers of steam under joint facility operations.
5. Revenues from transmission of electricity of others over transmission facilities of the utility.

Operation and Maintenance Expense Accounts

1. POWER PRODUCTION EXPENSES

A. STEAM POWER GENERATION

Operation

- 500 Operation supervision and engineering.
- 501 Fuel.
- 502 Steam expenses.
- 503 Steam from other sources.
- 504 Steam transferred—Cr.
- 505 Electric expenses.
- 506 Miscellaneous steam power expenses.
- 507 Rents.

Maintenance

- 510 Maintenance supervision and engineering.
- 511 Maintenance of structures.
- 512 Maintenance of boiler plant.
- 513 Maintenance of electric plant.
- 514 Maintenance of miscellaneous steam plant.

B. NUCLEAR POWER GENERATION

Operation

- 517 Operation supervision and engineering.
- 518 Fuel.
- 519 Coolants and water.
- 520 Steam expenses.
- 521 Steam from other sources.
- 522 Steam transferred—Cr.
- 523 Electric expenses.
- 524 Miscellaneous nuclear power expenses.
- 525 Rents.

- 569 Maintenance of structures.
570 Maintenance of station equipment.
571 Maintenance of overhead lines.
572 Maintenance of underground lines.
573 Maintenance of miscellaneous transmission plant.
- 3. DISTRIBUTION EXPENSES**
Operation
580 Operation supervision and engineering.
581 Load dispatching.
582 Station expenses.
583 Overhead line expenses.
584 Underground line expenses.
585 Street lighting and signal system expenses.
586 Meter expenses.
587 Customer installations expenses.
588 Miscellaneous distribution expenses.
589 Rents.
- Maintenance*
590 Maintenance supervision and engineering.
591 Maintenance of structures.
592 Maintenance of station equipment.
593 Maintenance of overhead lines.
594 Maintenance of underground lines.
595 Maintenance of line transformers.
596 Maintenance of street lighting and signal systems.
597 Maintenance of meters.
598 Maintenance of miscellaneous distribution plant.
- 4. CUSTOMER ACCOUNTS EXPENSES**
Operation
901 Supervision.
902 Meter reading expenses.
903 Customer records and collection expenses.
904 Uncollectible accounts.
905 Miscellaneous customer accounts expenses.
- 5. SALES EXPENSES**
Operation
911 Supervision.
912 Demonstrating and selling expenses.
913 Advertising expenses.
914 Revenues from merchandising, jobbing and contract work.
915 Cost and expenses of merchandising, jobbing and contract work.
916 Miscellaneous sales expenses.
- 6. ADMINISTRATIVE AND GENERAL EXPENSES**
Operation
920 Administrative and general salaries.
921 Office supplies and expenses.
922 Administrative expenses transferred—
Cr.
923 Outside services employed.
924 Property insurance.
925 Injuries and damages.
926 Employee pensions and benefits.
927 Franchise requirements.
- c. HYDRAULIC POWER GENERATION**
Operation
535 Operation supervision and engineering.
536 Water for power.
537 Hydraulic expenses.
538 Electric expenses.
539 Miscellaneous hydraulic power generation expenses.
540 Rents.
- Maintenance*
541. Maintenance supervision and engineering.
542 Maintenance of structures.
543 Maintenance of reservoirs, dams and waterways.
544 Maintenance of electric plant.
545 Maintenance of miscellaneous hydraulic plant.
- d. OTHER POWER GENERATION**
Operation
546 Operation supervision and engineering.
547 Fuel.
548 Generation expenses.
549 Miscellaneous other power generation expenses.
550 Rents.
- Maintenance*
551 Maintenance supervision and engineering.
552 Maintenance of structures.
553 Maintenance of generating and electric plant.
554 Maintenance of miscellaneous other power generation plant.
- e. OTHER POWER SUPPLY EXPENSES**
555 Purchased power.
556 System control and load dispatching.
557 Other expenses.
- 2. TRANSMISSION EXPENSES**
Operation
560 Operation supervision and engineering.
561 Load dispatching.
562 Station expenses.
563 Overhead line expenses.
564 Underground line expenses.
565 Transmission of electricity by others.
566 Miscellaneous transmission expenses.
567 Rents.
- Maintenance*
568 Maintenance supervision and engineering.
- 528 Regulatory commission expenses.
529 Duplicate charges—Cr.
530 Miscellaneous general expenses.
531 Rents.
- Maintenance*
532 Maintenance of general plant.
- Operation and Maintenance Expense Accounts**
1. POWER PRODUCTION EXPENSES
A. STEAM POWER GENERATION
Operation
500 Operation supervision and engineering.
This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam power generating stations. Direct supervision of specific activities, such as fuel handling, boiler-room operations, generator operations, etc., shall be charged to the appropriate account. (See operating expense in structure 1.)
501 Fuel.
A. This account shall include the cost of fuel used in the production of steam for the generation of electricity, including expenses in unloading fuel from the shipping media and handling thereof up to the point where the fuel enters the first boiler plant bunker, hopper, bucket, tank or holder of the boiler-house structure. Records shall be maintained to show the quantity, B.t.u. content and cost of each type of fuel used.
B. The cost of fuel shall be charged initially to account 151, Fuel Stock, and cleared to this account on the basis of the fuel used. Fuel handling expenses may be charged to this account as incurred or charged initially to account 152, Fuel Stock Expenses Undistributed. In the latter event, they shall be cleared to this account on the basis of the fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.
Items
Labor:
1. Supervising purchasing and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring fuel from one station to another.
- Operation and Maintenance Expense Accounts**
1. POWER PRODUCTION EXPENSES
A. STEAM POWER GENERATION
Operation
500 Operation supervision and engineering.
This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of steam power generating stations. Direct supervision of specific activities, such as fuel handling, boiler-room operations, generator operations, etc., shall be charged to the appropriate account. (See operating expense in structure 1.)
501 Fuel.
A. This account shall include the cost of fuel used in the production of steam for the generation of electricity, including expenses in unloading fuel from the shipping media and handling thereof up to the point where the fuel enters the first boiler plant bunker, hopper, bucket, tank or holder of the boiler-house structure. Records shall be maintained to show the quantity, B.t.u. content and cost of each type of fuel used.
B. The cost of fuel shall be charged initially to account 151, Fuel Stock, and cleared to this account on the basis of the fuel used. Fuel handling expenses may be charged to this account as incurred or charged initially to account 152, Fuel Stock Expenses Undistributed. In the latter event, they shall be cleared to this account on the basis of the fuel used. Respective amounts of fuel stock and fuel stock expenses shall be readily available.
Items
Labor:
1. Supervising purchasing and handling of fuel.
2. All routine fuel analyses.
3. Unloading from shipping facility and putting in storage.
4. Moving of fuel in storage and transferring fuel from one station to another.
5. Handling from storage or shipping facility to first bunker, hopper, bucket, tank or holder of boiler-house structure.
6. Operation of mechanical equipment, such as locomotives, trucks, cars, boats, barges, cranes, etc.
Materials and Expenses:
7. Cost of fuel including freight, switching, demurrage and other transportation charges.
8. Excise taxes, insurance, purchasing commissions and similar items.
9. Stores expenses to extent applicable to fuel.
10. Transportation and other expenses in moving fuel in storage.
11. Tools, lubricants and other supplies.
12. Operating supplies for mechanical equipment.
13. Residual disposal expenses less any proceeds from sale of residuals.
NOTE: Abnormal fuel handling expenses occasioned by emergency conditions shall be charged to expense as incurred.
502 Steam expenses.
This account shall include the cost of labor, materials used and expenses incurred in production of steam for electric generation. This includes all expenses of handling and preparing fuel beginning at the point where the fuel enters the first boiler plant bunker, hopper, tank or holder of the boiler-house structure.
Items
Labor:
1. Supervising steam production.
2. Operating fuel conveying, storage, weighing and processing equipment within boiler plant.
3. Operating boiler and boiler auxiliary equipment.
4. Operating boiler feed water purification and treating equipment.
5. Operating ash-collecting and disposal equipment located inside the plant.
6. Operating boiler plant electrical equipment.
7. Keeping boiler plant log and records and preparing reports on boiler plant operation.
8. Testing boiler water.
9. Testing, checking, and adjusting meters, gauges, and other instruments and equipment in boiler plant.
10. Cleaning boiler plant equipment when not incidental to maintenance work.
11. Repacking glands and replacing gauge glasses where the work involved is of a minor nature and is performed by regular operating crews. Where the work is of a major character, such as that performed on high-pressure boilers, the item should be considered as maintenance.
Materials and Expenses:
12. Chemicals and boiler inspection fees.
13. Lubricants.

B. NUCLEAR POWER GENERATION

Operation

517 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of nuclear power generating stations. Direct supervision of specific activities, such as fuel handling, reactor operations, generator operations, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

518 Fuel.

A. This account shall include fuel costs for the production of steam in the generation of electricity by nuclear processes (see accounts 157, 158 and 159).

B. Records supporting entries to this account shall be so kept that the utility can furnish the basis of computations and amounts of the individual fuel cost items. The records shall be so maintained that the fuel cost may be readily classified as to use charges, nuclear fuel burn-up, consumption of non-nuclear materials, net plutonium and other nuclear materials formed—credit, provision for chemical processing, and cost of non-nuclear fuel, if any, used for steam superheat facilities.

ITEMS

1. Use charge for nuclear materials in service, in reserve, in cooling, or in chemical processing.
2. Amortization of costs of fuel assemblies and components in use.
3. Burn-up of nuclear fuel.
4. Chemical processing of fuel assemblies including charges for converting recovered materials into a form acceptable to a supplier of nuclear materials, disposal of chemical processing wastes and for transportation of materials.
5. Plutonium and other nuclear materials—credit.
6. Oil, gas, coal or other fuel used in auxiliary steam superheat facilities, at cost delivered to station.

NOTE: The utility shall adopt the necessary accounting procedures to assure that charges to this account shall, so far as practicable, be accurately distributed to accounting periods. Where computed amounts are derived from estimates, corrections of this account shall be made promptly when it is ascertained that significant revisions of the estimates are necessary. Where significant delayed adjustments are necessary, such ad-

eral supervision and direction of maintenance of steam generation facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

511 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of steam structures, the book cost of which is includible in account 311, Structures and Improvements. (See operating expense instruction 2.)

512 Maintenance of boiler plant.

A. This account shall include the cost of labor, materials used and expenses incurred in the maintenance of steam plant, the book cost of which is includible in account 312, Boiler Plant Equipment. (See operating expense instruction 2.)

B. For the purpose of making charges hereto and to account 513, Maintenance of Electric Plant, the point at which steam plant is distinguished from electric plant is defined as follows:

- a. Inlet flange of throttle valve on prime mover.
- b. Flange of all steam extraction lines on prime mover.
- c. Hotwell pump outlet on condensate lines.
- d. Inlet flange of all turbine-room auxiliaries.
- e. Connection to line side of motor starter for all boiler-plant equipment.

513 Maintenance of electric plant.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of electric plant, the book cost of which is includible in account 313, Engines and Engine-Driven Generators, account 314, Turbo-generator Units, and account 315, Accessory Electric Equipment. (See operating expense instruction 2 and paragraph B of account 512.)

514 Maintenance of miscellaneous steam plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of miscellaneous steam generation plant, the book cost of which is includible in account 316, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

5. Operating lubrication and oil control system, including oil purification.
6. Operating switchboards, switch gear and electric control and protective equipment.
7. Keeping electric plant log and records and preparing reports on electric plant operations.
8. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls and other equipment in the electric plant.
9. Cleaning electric plant equipment when not incidental to maintenance work.
10. Repacking glands and replacing gauge glasses.

Materials and Expenses:

11. Lubricants and control system oils.
12. Generator cooling gases.
13. Circulating water purification supplies.
14. Cooling water purchased.
15. Motor and generator brushes.

506 Miscellaneous steam power expenses.

This account shall include the cost of labor, materials used and expenses incurred which are not specifically provided for or are not readily assignable to other steam generation operation expense accounts.

ITEMS

- Labor:
1. General clerical and stenographic work.
 2. Guarding and patrolling plant and yard.
 3. Building service.
 4. Care of grounds including snow removal, cutting grass, etc.
 5. Miscellaneous labor.

Materials and Expenses:

6. General operating supplies, such as tools, gaskets, packing waste, gauge glasses, hose, indicating lamps, record and report forms, etc.
7. First-aid supplies and safety equipment.
8. Employees' service facilities expenses.
9. Building service supplies.
10. Communication service.
11. Miscellaneous office supplies and expenses, printing and stationery.
12. Transportation expenses.
13. Meals, traveling and incidental expenses.

507 Rents.

This account shall include all rents of property of others used, occupied or operated in connection with steam power generation. (See operating expense instruction 3.)

Maintenance

510 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the gen-

14. Boiler feed water purchased and pumping supplies.

503 Steam from other sources.

This account shall include the cost of steam purchased, or transferred from another department of the utility or from others under a joint facility operating arrangement, for use in prime movers devoted to the production of electricity.

NOTE: The records shall be so kept as to show separately for each company from which steam is purchased, the point of delivery, the quantity, the price, and the total charge. When steam is transferred from another department or from others under a joint operating arrangement, the utility shall be prepared to show full details of the cost of producing such steam, the basis of the charge to electric generation and the extent and manner of use by each department or party involved.

504 Steam transferred—Credit.

A. This account shall include credits for expenses of producing steam which are charged to others or to other utility departments under a joint operating arrangement. Include also credits for steam expenses chargeable to other electric accounts outside of the steam generation group. Full details of the basis of determination of the cost of steam transferred shall be maintained.

B. If the charges to others or to other departments of the utility include an amount for depreciation, taxes and return on the joint steam facilities, such portion of the charge shall be credited, in the case of others, to account 454, Rent from Electric Property, and in the case of other departments of the utility, to account 455, Interdepartmental Rents.

505 Electric expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators, and their auxiliary apparatus, switch gear and other electric equipment to the points where electricity leaves for conversion for transmission or distribution.

ITEMS

- Labor:
1. Supervising electric production.
 2. Operating turbines, engines, generators and exciters.
 3. Operating condensers, circulating water systems and other auxiliary apparatus.
 4. Operating generator cooling system.

justments shall be made in accordance with the provisions of general instruction 7, Delayed Items.

519 Coolants and water.

This account shall include the cost of labor, materials used and expenses incurred for heat transfer materials and water used for steam and cooling purposes.

Items

- Labor:

 1. Operation of water supply facilities.
 2. Handling of coolants and heat transfer materials.

Materials and Expenses:

3. Chemicals.
4. Additions to or refining of, fluids used in reactor systems.
5. Lubricants.
6. Pumping supplies and expenses.
7. Miscellaneous supplies and expenses.
8. Purchased water.

Note: Do not include in this account water for general station use or the initial charge for coolants, heat transfer or moderator fluids, chemicals or other supplies capitalized.

520 Steam expenses.

This account shall include the cost of labor, materials used and expenses incurred in production of steam through nuclear processes, and similar expenses for operation of any auxiliary superheat facilities.

Items

- Labor:

 1. Supervising steam production.
 2. Fuel handling including removal, inspection, disassembly and preparation for cooling operations and shipment.
 3. Testing instruments and gauges.
 4. Health, safety, monitoring and decontamination activities.
 5. Waste disposal.
 6. Operating steam boilers and auxiliary steam, superheat facilities.

Materials and Expenses:

7. Chemical supplies.
8. Charts, logs, etc.
9. Health, safety, monitoring and decontamination supplies.
10. Boiler inspection fees.
11. Lubricants.

521 Steam from other sources.

This account shall include the cost of steam purchased or transferred from another department of the utility or from others under a joint facility operating arrangement for use in prime movers devoted to the production of electricity.

Note: The records shall be so kept as to show separately, for each company from

12. Generator cooling gases.
13. Log sheets and charts.
14. Motor and generator brushes.

524 Miscellaneous nuclear power expenses.

This account shall include the cost of labor, materials used and expenses incurred for or are not readily assignable to other nuclear generation operation accounts.

Items

- Labor:

 1. General clerical and stenographic work.
 2. Plant security.
 3. Building service.
 4. Care of grounds, including snow removal, cutting grass, etc.
 5. Miscellaneous labor.

Materials and Expenses:

6. General operating supplies, such as tools, gaskets, hose, indicating lamps, record and report forms, etc.
7. First-aid supplies and safety equipment.
8. Employees' service facilities expenses.
9. Building service supplies.
10. Communication service.
11. Miscellaneous office supplies and expenses, printing and stationery.
12. Transportation expenses.
13. Meals, traveling and incidental expenses.

525 Rents.

This account shall include all rents of property of others used, occupied or operated in connection with nuclear generation. (See operating expense instruction 3.)

Maintenance

528 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of nuclear generation facilities. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

529 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 321, Structures and Improvements. (See operating expense instruction 2.)

530 Maintenance of reactor plant equipment.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of reactor plant, the book cost of which is includible in account 322, Reactor Plant Equipment. (See operating expense instruction 2.)

531 Maintenance of electric plant.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of electric plant, the book cost of which is includible in account 323, Turbogenerator Units, and account 324, Accessory Electric Equipment. (See operating expense instruction 2.)

532 Maintenance of miscellaneous nuclear plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of miscellaneous nuclear generating plant, the book cost of which is includible in account 325, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

C. HYDRAULIC POWER GENERATION

Operation

535 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of hydraulic power generating stations. Direct supervision of specific activities, such as hydraulic operation, generator operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

536 Water for power.

This account shall include the cost of water used for hydraulic power generation.

Items

1. Cost of water purchased from others, including water tolls paid reservoir companies.
2. Periodic payments for licenses or permits from any governmental agency for water rights, or payments based on the use of the water.
3. Periodic payments for riparian rights.
4. Periodic payments for headwater benefits or for detriments to others.
5. Cloud seeding.

537 Hydraulic expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating hydraulic works including reservoirs, dams and waterways, and in activities directly relating to the hydroelectric development outside the generating station.

ITEMS

- Labor:**
1. Supervising hydraulic operation.
 2. Removing debris and ice from trash racks, reservoirs and waterways.
 3. Patrolling reservoirs and waterways.
 4. Operating intakes, spillways, sluiceways, and outlet works.
 5. Operating bubbler, heater or other de-icing systems.
 6. Ice and log jam work.
 7. Operating navigation facilities.
 8. Operations relating to conservation of game, fish, forests, etc.
 9. Insect control activities.

Materials and Expenses:

10. Insect control materials.
11. Lubricants, packing, and other supplies used in operation of hydraulic equipment.
12. Supplies and expenses in conservation of game, fish, forests, etc.
13. Transportation expense.

538 Electric expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators, and their auxiliary apparatus, switchgear, and other electric equipment, to the point where electricity leaves for conversion for transmission or distribution.

ITEMS

- Labor:**
1. Supervising electric production.
 2. Operating prime movers, generators and auxiliary equipment.
 3. Operating generator cooling system.
 4. Operating lubrication and oil control systems, including oil purification.
 5. Operating switchboards, switchgear, and electric control and protection equipment.
 6. Keeping plant log and records and preparing reports on plant operations.
 7. Testing, checking and adjusting meters, gauges, and other instruments, relays, controls, and other equipment in the plant.
 8. Cleaning plant equipment when not incidental to maintenance work.
 9. Repacking glands.

Materials and Expenses:

10. Lubricants and control system oils.
11. Motor and generator brushes.

539 Miscellaneous hydraulic power generation expenses.

This account shall include the cost of labor, materials used and expenses incurred which are not specifically provided for or are not readily assignable to other hydraulic generation operation expense accounts.

ITEMS

- Labor:**
1. General clerical and stenographic work.
 2. Guarding and patrolling plant and yard.
 3. Building service.
 4. Care of grounds including snow removal, cutting grass, etc.
 5. Snow removal from roads and bridges.
 6. Miscellaneous labor.

Materials and Expenses:

7. General operating supplies, such as tools, gaskets, packing, waste, hose, indicating lamps, record and report forms, etc.
8. First-aid supplies and safety equipment.
9. Employees' service facilities expenses.
10. Building service supplies.
11. Communication service.
12. Office supplies, printing and stationery.
13. Transportation expenses.
14. Fuel.
15. Meals, traveling and incidental expenses.

540 Rents.

This account shall include all rents of property of others used, occupied or operated in connection with hydraulic power generation, including amounts payable to the United States for the occupancy of public lands and reservations for reservoirs, dams, flumes, forebays, penstocks, power houses, etc., but not including transmission right of way. (See operating expense instruction 3.)

Maintenance**541 Maintenance supervision and engineering.**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of hydraulic power generating stations. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

542 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of hydraulic structures, the book cost of which is includible in account 331, Structures, and

Improvements. (See operating expense instruction 2.)**543 Maintenance of reservoirs, dams and waterways.**

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant includible in account 332, Reservoirs, Dams and Waterways. (See operating expense instruction 2.)

544 Maintenance of electric plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant includible in account 333, Water Wheels, Turbines and Generators, and account 334, Accessory Electric Equipment. (See operating expense instruction 2.)

545 Maintenance of miscellaneous hydraulic plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 335, Miscellaneous Power Plant Equipment, and account 336, Roads, Railroads and Bridges. (See operating expense instruction 2.)

D. OTHER POWER GENERATION**Operation****546 Operation supervision and engineering.**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of other power generating stations. Direct supervision of specific activities, such as fuel handling, engine and generator operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

547 Fuel.

This account shall include the cost delivered at the station (see account 151, Fuel Stock) of all fuel, such as gas, oil, kerosene, and gasoline used in other power generation.

548 Generation expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating prime movers, generators and electric equipment in other power generating stations, to the point where electricity leaves for conversion for transmission or distribution.

ITEMS

- Labor:**
1. Supervising other power generation operation.
 2. Operating prime movers, generators and auxiliary apparatus and switching and other electric equipment.
 3. Keeping plant log and records and preparing reports on plant operations.
 4. Testing, checking, cleaning, oiling and adjusting equipment.

Materials and Expenses:

5. Dynamo, motor, and generator brushes.
6. Lubricants and control system oils.
7. Water for cooling engines and generators.

549 Miscellaneous other power generation expenses.

This account shall include the cost of labor, materials used and expenses incurred in the operation of other power generating stations which are not specifically provided for or are not readily assignable to other generation expense accounts.

ITEMS

- Labor:**
1. General clerical and stenographic work.
 2. Guarding and patrolling plant and yard.
 3. Building service.
 4. Care of grounds, including snow removal, cutting grass, etc.
 5. Miscellaneous labor.

Materials and Expenses:

6. Building service supplies.
7. First-aid supplies and safety equipment.
8. Communication service.
9. Employees' service facilities expenses.
10. Office supplies, printing and stationery.
11. Transportation expense.
12. Meals, traveling and incidental expenses.
13. Fuel for heating.
14. Water for fire protection or general use.
15. Miscellaneous supplies, such as hand tools, drills, saw blades, files, etc.

550 Rents.

This account shall include all rents of property of others used, occupied, or operated in connection with other power generation. (See operating expense instruction 3.)

Maintenance**551 Maintenance supervision and engineering.**

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the maintenance of other power generating stations. Direct field supervision of specific jobs shall be charged to the appro-

appropriate maintenance account. (See operating expense instruction 1.)

552 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of facilities used in other power generation, the book cost of which is includible in account 341, Structures and Improvements, and account 342, Fuel Holders, Producers and Accessories. (See operating expense instruction 2.)

553 Maintenance of generating and electric equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 343, Prime Movers, account 344, Generators, and account 345, Accessory Electric Equipment. (See operating expense instruction 2.)

554 Maintenance of miscellaneous other power generation plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of other power generation plant, the book cost of which is includible in account 346, Miscellaneous Power Plant Equipment. (See operating expense instruction 2.)

E. OTHER POWER SUPPLY EXPENSES

555 Purchased power.

A. This account shall include the cost at point of receipt by the utility of electricity purchased for resale. It shall include, also, net settlements for exchange of electricity or power, such as economy energy, off-peak energy for on-peak energy, spinning reserve capacity, etc. In addition, the account shall include the net settlements for transactions under pooling or interconnection agreements wherein there is a balancing of debits and credits for energy, capacity, etc. Distinct purchases and sales shall not be recorded as exchanges and net amounts only recorded merely because debit and credit amounts are combined in the voucher settlement.

B. The records supporting this account shall show, by months, the demands and demand charges, kilowatt-hours and prices thereof under each purchase contract and the charges and credits under each exchange or power pooling contract.

556 System control and load dispatching.

This account shall include the cost of labor and expenses incurred in load dispatching activities for system control. Utilities having an interconnected electric system or operating under a central authority which controls the production and dispatching of electricity may apportion these costs to this account and accounts 561, Load Dispatching—Transmission, and 561, Load Dispatching—Distribution.

ITEMS

Labor:

1. Allocating loads to plants and interconnections with others.
2. Directing switching.
3. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
4. Controlling system voltages.
5. Recording loadings, water, conditions, etc.
6. Preparing operating reports and data for billing and budget purposes.
7. Obtaining reports on the weather and special events.

Expenses:

8. Communication service provided for system control purposes.
9. System record and report forms.
10. Meals, traveling and incidental expenses.
11. Obtaining weather and special events reports.

557 Other expenses.

A. This account shall be charged with any production expenses, including expenses incurred directly in connection with the purchase of electricity, which are not specifically provided for in other production expense accounts. Charges to this account shall be supported so that a description of each type of charge will be readily available.

B. Recoveries from insurance companies, under use and occupancy provisions of policies, of amounts in reimbursement of excessive or added production costs for which the insurance company is liable under the terms of the policy shall be credited to this account.

2. TRANSMISSION EXPENSES

Operation

560 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the

operation of the transmission system as a whole. Direct supervision of specific activities, such as station operation, line operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

561 Load dispatching.

This account shall include the cost of labor, materials used and expenses incurred in load dispatching operations pertaining to the transmission of electricity.

ITEMS

Labor:

1. Directing switching.
2. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
3. Controlling system voltages.
4. Obtaining reports on the weather and special events.
5. Preparing operating reports and data for billing and budget purposes.

Expenses:

6. Communication service provided for system control purposes.
7. System record and report forms.
8. Meals, traveling and incidental expenses.
9. Obtaining weather and special events reports.

562 Station expenses.

This account shall include the cost of labor, materials used and expenses incurred in operating transmission substations and switching stations. If transmission station equipment is located in or adjacent to a generating station, the expenses applicable to transmission station operations shall nevertheless be charged to this account.

ITEMS

Labor:

1. Supervising station operation.
2. Adjusting station equipment where such adjustment primarily affects performance, such as regulating the flow of cooling water, adjusting current in fields of a machine or changing voltage of regulators, changing station transformer taps.
3. Inspecting, testing and calibrating station equipment for the purpose of checking its performance.
4. Keeping station log and records and preparing reports on station operation.
5. Operating switching and other station equipment.
6. Standing watch, guarding, and patrolling station and station yard.
7. Sweeping, mopping, and tidying station.
8. Care of grounds, including snow removal, cutting grass, etc.

Materials and Expenses:

9. Building service expenses.
10. Operating supplies, such as lubricants, commutator brushes, water, and rubber goods.
11. Station meter and instrument supplies, such as ink and charts.
12. Station record and report forms.
13. Tool expense.
14. Transportation expenses.
15. Meals, traveling, and incidental expenses.

563 Overhead line expenses.

564 Underground line expenses.

A. These accounts shall include the cost of labor, materials used and expenses incurred in the operation of transmission lines.

B. If the expenses are not substantial for both overhead and underground lines, these accounts may be combined.

ITEMS

Labor:

1. Supervising line operation.
2. Inspecting and testing lightning arresters, circuit breakers, switches, and grounds.
3. Load tests of circuits.
4. Routine line patrolling.
5. Routine voltage surveys made to determine the condition or efficiency of transmission system.
6. Transferring loads, switching and reconnecting circuits and equipment for operation or purposes. (Switching for construction or maintenance purposes is not includible in this account.)
7. Routine inspection and cleaning of manholes, conduit, network and transformer vaults.
8. Electrolysis surveys.
9. Inspecting and adjusting line-testing equipment, such as voltmeters, ammeters, wattmeters, etc.
10. Regulation and addition of oil or gas in high-voltage cable systems.

Materials and Expenses:

11. Transportation expenses.
12. Meals, traveling and incidental expenses.
13. Tool expenses.
14. Operating supplies, such as instrument charts, rubber goods, etc.

565 Transmission of electricity by others.

This account shall include amounts payable to others for the transmission of the utility's electricity over transmission facilities owned by others.

566 Miscellaneous transmission expenses.

This account shall include the cost of labor, materials used and expenses in-

incurred in transmission map and record work, transmission office expenses, and other transmission expenses not provided for elsewhere.

ITEMS

Labor:

1. General records of physical characteristics of lines and stations, such as capacities, etc.
 2. Ground resistance records.
 3. Janitor work at transmission office buildings, including care of grounds, snow removal, cutting grass, etc.
 4. Joint pole maps and records.
 5. Line load and voltage records.
 6. Preparing maps and prints.
 7. General clerical and stenographic work.
 8. Miscellaneous labor.
- Materials and Expenses
9. Communication service.
 10. Building service supplies.
 11. Map and record supplies.
 12. Transmission office supplies and expenses, printing and stationery.
 13. First-aid supplies.

567 Rents.

This account shall include rents of property of others used, occupied, or operated in connection with the transmission system, including payments to the United States and others for use of public or private lands and reservations for transmission line rights of way. (See operating expense instruction 3.)

Maintenance

568 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of the transmission system. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

569 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of structures, the book cost of which is includible in account 352. Structures and Improvements. (See operating expense instruction 2.)

570 Maintenance of station equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of station equipment the book cost of which is includible

in account 353, Station Equipment. (See operating expense instruction 2.)

571 Maintenance of overhead lines.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of transmission plant, the book cost of which is includible in accounts 354, Towers and Fixtures, 355, Poles and Fixtures, 356, Overhead Conductors and Devices, 359, Roads and Trails. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on poles, towers and fixtures:
 - a. Installing or removing additional clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of the same pole or section of line.
 - c. Painting poles, towers, crossarms or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, crossarms braces, and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on poles.
 - h. Repairing or realigning pins, racks, or brackets.
- i. Repairing pole supported platform.
- j. Repairs by others to jointly owned poles.
- k. Shaving, cutting rot, or treating poles or crossarms in use or salvaged for reuse.
- l. Strutting poles already in service.
- m. Supporting fixtures and conductors and transferring them to new pole during poles replacements.
- n. Maintenance of pole signs, stencils, tags, etc.
2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, etc.
 - b. Cleaning insulators and bushings.
 - c. Refusing cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Resagging, retying, or rearranging position or spacing of conductors.
 - g. Standing by phones, going to calls, cutting faulty lines clear, or similar activities at times of emergencies.
 - h. Sampling, testing, changing, purifying, and replenishing insulating oil.
 - i. Repairing line testing equipment.
 - j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
 - k. Trimming trees and clearing brush.
 - l. Chemical treatment of right of way areas when occurring subsequent to construction of line.
3. Work of the following character on roads and trails:

- a. Repairing roadway, bridges, etc.
- b. Trimming trees and brush to maintain previous roadway clearance.
- c. Snow removal from roads and trails.
- d. Maintenance work on publicly owned roads and trails when done by utility at its expense.

572 Maintenance of underground lines.
This account shall include the cost of labor, materials used and expenses incurred in maintenance of transmission plant, the book cost of which is includible in accounts 357, Underground Conductors and Devices, 358, Underground Conductors and Devices. (See operating expense instruction 2.)

ITEMS

1. Work of the following character on underground conduit:
 - a. Cleaning ducts, manholes, and sewer connections.
 - b. Minor alterations of handholes, manholes, or vaults.
 - c. Refastening, repairing, or moving racks, ladders, or hangers in manholes, or vaults.
 - d. Plugging and shelving or replugging ducts.
 - e. Repairs to sewers and drains, walls and floors, rings and covers.
 2. Work of the following character on underground conductors and devices:
 - a. Repairing oil circuit breakers, switches, cutouts, and control wiring.
 - b. Repairing grounds.
 - c. Retraining and reconnecting cables in manhole, including transfer of cables from one duct to another.
 - d. Repairing conductors and splices.
 - e. Repairing or moving junction boxes and potheads.
 - f. Refireproofing of cables and repairing supports.
 - g. Repairing electrolysis preventive devices for cables.
 - h. Repairing cable bonding systems.
 - i. Sampling, testing, changing, purifying and replenishing insulating oil.
 - j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
 - k. Repairing line testing equipment.
 - l. Repairs to oil or gas equipment in high-voltage cable system and replacement of oil or gas.
- 573 Maintenance of miscellaneous transmission plant.**
This account shall include the cost of labor, materials used and expenses incurred in maintenance of owned or leased plant which is assignable to transmission operations and is not provided for elsewhere. (See operating expense instruction 2.)

3. DISTRIBUTION EXPENSES

Operation

580 Operation supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of the operation of the distribution system. Direct supervision of specific activities, such as station operation, line operation, meter department operation, etc., shall be charged to the appropriate account. (See operating expense instruction 1.)

581 Load dispatching.

This account (the keeping of which is optional with the utility) shall include the cost of labor materials used and expenses incurred in load dispatching operations pertaining to the distribution of electricity.

ITEMS

Labor:

1. Directing switching.
2. Arranging and controlling clearances for construction, maintenance, test and emergency purposes.
3. Controlling system voltages.
4. Preparing operating reports.
5. Obtaining reports on the weather and special events.

Expenses:

6. Communication service provided for system control purposes.
7. System record and report forms.
8. Meals, traveling and incidental expenses.

582 Station expenses.

This account shall include the cost of labor, materials used and expenses incurred in the operation of distribution substations.

ITEMS

Labor:

1. Supervising station operation.
2. Adjusting station equipment where such adjustment primarily affects performance, such as regulating the flow of cooling water, adjusting current in fields of a machine, changing voltage of regulators, or changing station transformer taps.
3. Keeping station log and records and preparing reports on station operation.
4. Inspecting, testing, and calibrating station equipment for the purpose of checking its performance.
5. Operating switching and other station equipment.
6. Standing watch, guarding and patrolling station and station yard.
7. Sweeping, mopping, and tidying station.
8. Care of grounds, including snow removal, cutting grass, etc.

15. Transportation expenses, including pickup and delivery charges.
16. Meals, traveling and incidental expenses.
17. Rewards paid for discovery of current diversion.

NOTE A: Amounts billed customers for any work, the cost of which is charged to this account, shall be credited to this account. Any excess over costs resulting therefrom shall be transferred to account 451, Miscellaneous Service Revenues.

NOTE B: Do not include in this account expenses incurred in connection with merchandising, jobbing and contract work.

588 Miscellaneous distribution expenses.

This account shall include the cost of labor, materials used and expenses incurred in distribution system operation not provided for elsewhere.

ITEMS

Labor:

1. General records of physical characteristics of lines and substations, such as capacities, etc.
2. Ground resistance records.
3. Joint pole maps and records.
4. Distribution system voltage and load records.
5. Preparing maps and prints.
6. Service interruption and trouble records.
7. General clerical and stenographic work except that chargeable to account 586, Meter Expenses.
8. Operating records covering poles, transformers, manholes, cables, and other distribution facilities. Exclude meter records chargeable to account 586, Meter Expenses, and station records chargeable to account 582, Station Expenses, and stores records chargeable to account 163, Stores Expense Unattributed.
9. Janitor work at distribution office buildings including snow removal, cutting grass, etc.

Materials and Expenses:

10. Communication service.
11. Building service expenses.
12. Miscellaneous office supplies and expenses, printing, and stationery, maps and records and first-aid supplies.

589 Rents.

This account shall include rents of property of others used, occupied, or operated in connection with the distribution system, including payments to the United States and others for the use and occupancy of public lands and reservations for distribution line rights of way. (See operating expense instruction 3.)

- Materials and Expenses:
9. Meter seals and miscellaneous meter supplies.
10. Transportation expenses.
11. Meals, traveling, and incidental expenses.
12. Tool expenses.

NOTE: The cost of the first setting and testing of a meter is chargeable to utility plant account 370, Meters.

587 Customer installations expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer installations in inspecting premises and in rendering services to customers of the nature of those indicated by the list of items hereunder.

ITEMS

Labor:

1. Supervising customer installations work.
2. Inspecting premises, including check of wiring for code compliance.
3. Investigating, locating, and clearing grounds on customers' wiring.
4. Investigating service complaints, including load tests of motors and lighting and power circuits on customers' premises; field investigations of complaints on bills or of voltage.
5. Installing, removing, renewing, and changing lamps and fuses.
6. Radio, television and similar interference work including erection of new aerials on customers' premises and patrolling of lines, testing of lightning arresters, inspection of pole hardware, etc., and examination on or off premises of customers' appliances, wiring, or equipment to locate cause of interference.
7. Installing, connecting, reinstalling, or removing leased property on customers' premises.
8. Testing, adjusting, and repairing customers' fixtures and appliances in shop or on premises.
9. Cost of changing customers' equipment due to changes in service characteristics.
10. Investigation of current diversion including setting and removal of check meters and securing special readings thereon; special calls by employees in connection with discovery and settlement of current diversion; changes in customer wiring and any other labor cost identifiable as caused by current diversion.

Materials and Expenses:

11. Lamp and fuse renewals.
12. Materials used in servicing customers' fixtures, appliances and equipment.
13. Power, light, heat, telephone, and other expenses of appliance repair department.
14. Tool expense.

585 Street lighting and signal system expenses.

This account shall include the cost of labor, materials used and expenses incurred in: (1) The operation of street lighting and signal system plant which is owned or leased by the utility; and (2) the operation and maintenance of such plant owned by customers where such work is done regularly as a part of the street lighting and signal system service.

ITEMS

Labor:

1. Supervising street lighting and signal systems operation.
2. Replacing lamps and incidental cleaning of glassware and fixtures in connection therewith.
3. Routine patrolling for lamp outages, excessive nuisances or encroachments, etc.
4. Testing lines and equipment including voltage and current measurement.
5. Winding and inspection of time switch and other controls.

Materials and Expenses:

6. Street lamp renewals.
7. Transportation and tool expense.
8. Meals, traveling, and incidental expenses.

586 Meter expenses.

This account shall include the cost of labor, materials used and expenses incurred in the operation of customer meters and associated equipment.

ITEMS

Labor:

1. Supervising meter operation.
2. Clerical work on meter history and associated equipment record cards, test cards, and reports.
3. Disconnecting and reconnecting, removing and reinstalling, sealing and unsealing meters and other metering equipment in connection with initiating or terminating services including the cost of obtaining meter readings, if incidental to such operation.
4. Consolidating meter installations due to elimination of separate meters for different rates of service.
5. Changing or relocating meters, instrument transformers, time switches, and other metering equipment.
6. Resetting time controls, checking operation of demand meters and other metering equipment, when done as an independent operation.
7. Inspecting and adjusting meter testing equipment.
8. Inspecting and testing meters, instrument transformers, time switches, and other metering equipment on premises or in shops excluding inspecting and testing incidental to maintenance.

- Materials and Expenses:
9. Building service expenses.
10. Operating supplies, such as lubricants, commutator brushes, water, and rubber goods.
11. Station meter and instrument supplies, such as ink and charts.
12. Station record and report forms.
13. Tool expense.

14. Transportation expense.
15. Meals, traveling, and incidental expenses.

NOTE: If the utility owns storage battery equipment used for supplying electricity to customers in periods of emergency, the cost of operating labor and of supplies, such as acid, gloves, hydrometers, thermometers, soda, automatic cell fillers, acid proof shoes, etc., shall be included in this account. If significant in amount, a separate subdivision shall be maintained for such expenses.

583 Overhead line expenses.

584 Underground line expenses.

These accounts shall include, respectively, the cost of labor, materials used and expenses incurred in the operation of overhead and underground distribution lines.

ITEMS

Labor:

1. Supervising line operation.
2. Changing line transformer taps.
3. Inspecting and testing lightning arresters, line circuit breakers, switches, and grounds.
4. Inspecting and testing line transformers for the purpose of determining load, temperature, or operating performance.
5. Patrolling lines.
6. Load tests and voltage surveys of feeders, circuits, and line transformers.
7. Removing line transformers and voltage regulators with or without replacement.
8. Installing line transformers or voltage regulators with or without change in capacity provided that the cost of first installation of these items is included in account 388, Line Transformers.
9. Voltage surveys, either routine or upon request of customers, including voltage tests at customer's main switch.
10. Transferring loads, switching and reconnecting circuits and equipment for operation purposes.
11. Electrolysis surveys.
12. Inspecting and adjusting line testing equipment.

Materials and Expenses:

13. Tool expense.
14. Transportation expense.
15. Meals, traveling, and incidental expense.
16. Operating supplies, such as instrument charts, rubber goods, etc.

Maintenance

590 Maintenance supervision and engineering.

This account shall include the cost of labor and expenses incurred in the general supervision and direction of maintenance of the distribution system. Direct field supervision of specific jobs shall be charged to the appropriate maintenance account. (See operating expense instruction 1.)

591 Maintenance of structures.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of structures, the book cost of which is includible in account 361, Structures and Improvements. (See operating expense instruction 2.)

592 Maintenance of station equipment.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 362, Station Equipment, and account 363, Storage Battery Equipment. (See operating expense instruction 2.)

593 Maintenance of overhead lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of overhead distribution line facilities, the book cost of which is includible in account 364, Poles, Towers and Fixtures, account 365, Overhead Conductors and Devices, and account 369, Services. (See operating expense instruction 2.)

Items

1. Work of the following character on poles, towers, and fixtures:
 - a. Installing additional clamps or removing clamps or strain insulators on guys in place.
 - b. Moving line or guy pole in relocation of pole or section of line.
 - c. Painting poles, towers, crossarms, or pole extensions.
 - d. Readjusting and changing position of guys or braces.
 - e. Realigning and straightening poles, crossarms, braces, pins, racks, brackets, and other pole fixtures.
 - f. Reconditioning reclaimed pole fixtures.
 - g. Relocating crossarms, racks, brackets, and other fixtures on poles.
 - h. Repairing pole supported platform.
 - i. Repairs by others to jointly owned poles.
 - j. Shaving, cutting rot, or treating poles or crossarms in use or salvaged for reuse.

- k. Stubbing poles already in service.
- l. Supporting conductors, transformers, and other fixtures and transferring them to new poles during pole replacements.
- m. Maintaining pole signs, stencils, tags, etc.
2. Work of the following character on overhead conductors and devices:
 - a. Overhauling and repairing line cutouts, line switches, line breakers, and capacitor installations.
 - b. Cleaning insulators and bushings.
 - c. Refusing line cutouts.
 - d. Repairing line oil circuit breakers and associated relays and control wiring.
 - e. Repairing grounds.
 - f. Reslagging, retwining, or rearranging position or spacing of conductors.
 - g. Standing by phones, going to calls, cutting faulty lines clear, or similar activities at times of emergency.
 - h. Sampling, testing, changing, purifying, and replenishing insulating oil.
 - i. Transferring loads, switching, and reconnecting circuits and equipment for maintenance purposes.
 - j. Repairing line testing equipment.
 - k. Trimming trees and clearing brush.
 - l. Chemical treatment of right of way area when occurring subsequent to construction of line.

3. Work of the following character on overhead services:
 - a. Moving position of service either on pole or on customers' premises.
 - b. Pulling slack in service wire.
 - c. Retwining service wire.
 - d. Retastening or tightening service bracket.

594 Maintenance of underground lines.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of underground distribution line facilities, the book cost of which is includible in account 366, Underground Conduit, account 367, Underground Conductors and Devices, and account 369, Services. (See operating expense instruction 2.)

Items

1. Work of the following character on underground conduit:
 - a. Cleaning ducts, manholes, and sewer connections.
 - b. Moving or changing position of conduit or pipe.
 - c. Minor alterations of handholes, manholes, or vaults.
 - d. Refastening, repairing, or moving racks, ladders, or hangers in manholes or vaults.
 - e. Plugging and sheaving ducts.
 - f. Repairs to sewers, drains, walls, and floors, rings and covers.
2. Work of the following character on underground conductors and devices:

- a. Repairing circuit breakers, switches, cutouts, network protectors, and associated relays and control wiring.
- b. Repairing grounds.
- c. Retraining and reconnecting cables in manholes including transfer of cables from one duct to another.
- d. Repairing conductors and splices.
- e. Repairing or moving junction boxes and potheads.
- f. Refireproofing cables and repairing supports.
- g. Repairing electrolysis preventive devices for cables.
- h. Repairing cable bonding systems.
- i. Sampling, testing, changing, purifying, and replenishing insulating oil.
- j. Transferring loads, switching and reconnecting circuits and equipment for maintenance purposes.
- k. Repairing line testing equipment.

- l. Repairing oil or gas equipment in high voltage cable systems and replacement of oil or gas.
3. Work of the following character on underground services:
 - a. Cleaning ducts.
 - b. Repairing any underground service plant.

595 Maintenance of line transformers.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of distribution line transformers, the book cost of which is includible in account 368, Line Transformers. (See operating expense instruction 2.)

596 Maintenance of street lighting and signal systems.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in account 373, Street Lighting and Signal Systems. (See operating expense instruction 2.)

597 Maintenance of meters.

This account shall include the cost of labor, materials used and expenses incurred in the maintenance of meters and meter testing equipment, the book cost of which is includible in account 370, Meters, and account 395, Laboratory Equipment, respectively. (See operating expense instruction 2.)

598 Maintenance of miscellaneous distribution plant.

This account shall include the cost of labor, materials used and expenses incurred in maintenance of plant, the book cost of which is includible in accounts

371, Installations on Customers' Premises, and 372, Leased Property on Customers' Premises, and any other plant the maintenance of which is assignable to the distribution function and is not provided for elsewhere. (See operating expense instruction 2.)

Items

1. Work of similar nature to that listed in other distribution maintenance accounts.
2. Maintenance of office furniture and equipment used by distribution system department.

4. CUSTOMER ACCOUNTS EXPENSES

Operation

901 Supervision.

This account shall include the cost of labor and expenses incurred in the general direction and supervision of customer accounting and collecting activities. Direct supervision of a specific activity shall be charged to account 902, Meter Reading Expenses, or account 903, Customer Records and Collection Expenses, as appropriate. (See operating expense instruction 1.)

902 Meter reading expenses.

This account shall include the cost of labor, materials used and expenses incurred in reading customer meters, and determining consumption when performed by employees engaged in reading meters.

Items

- Labor:
1. Addressing forms for obtaining meter readings by mail.
 2. Changing and collecting meter charts used for billing purposes.
 3. Inspecting time clocks, checking seals, etc., when performed by meter readers and the work represents a minor activity incidental to regular meter reading routine.
 4. Reading meters, including demand meters, and obtaining load information for billing purposes. Exclude and charge to account 586, Meter Expenses, or to account 903, Customer Records and Collection Expenses, as applicable, the cost of obtaining meter readings, first and final, if incidental to the operation of removing or resetting, sealing, or locking, and disconnecting or reconnecting meters.
 5. Computing consumption from meter reader's book or from reports by mail when done by employees engaged in reading meters.
 6. Collecting from prepayment meters when incidental to meter reading.

913 Advertising expenses.

This account shall include the cost of labor, materials used and expenses incurred in advertising designed to promote or retain the use of utility service, except advertising the sale of merchandise by the utility.

ITEMS**Labor:**

1. Direct supervision of department.
2. Preparing advertising material for newspapers, periodicals, billboards, etc., and preparing and conducting motion pictures, radio and television programs.
3. Preparing booklets, bulletins, etc., used in direct mail advertising.
4. Preparing window and other displays.
5. Clerical and stenographic work.
6. Investigating advertising agencies and media and conducting negotiations in connection with the placement and subject matter of sales advertising.

Materials and Expenses:

7. Advertising in newspapers, periodicals, billboards, radio, etc., for sales promotion purposes, but not including institutional or goodwill advertising includible in account 930, Miscellaneous General Expenses.
8. Materials and services given as prizes or otherwise in connection with civic lighting contests, canning, or cooking contests, bazaars, etc., in order to publicize and promote the use of utility services.
9. Fees and expenses of advertising agencies and commercial artists.
10. Novelties for general distribution.
11. Postage on direct mail advertising.
12. Premiums distributed generally, such as recipe books, etc., when not offered as inducement to purchase appliances.
13. Printing booklets, dodgers, bulletins, etc.
14. Supplies and expenses in preparing advertising material.
15. Office supplies and expenses.

NOTE A: The cost of advertisements which set forth the value or advantages of utility service without reference to specific appliances, or, if reference is made to appliances, invites the reader to purchase appliances from his dealer, or refer to appliances not carried for sale by the utility, shall be considered sales promotion advertising and charged to this account. However, advertisements which are limited to specific makes of appliances sold by the utility and prices, terms, etc., thereof, without referring to the value or advantages of utility service, shall be considered as merchandise advertising and the cost shall be charged to Cost and Expenses of Merchandising, Jobbing and Contract Work, accounts 416 or 916, as appropriate.

NOTE B: Advertisements which substantially mention or refer to the value or advantages of utility service, together with specific

*** 2. Miscellaneous labor.****Materials and Expenses:**

3. Communication service.
4. Miscellaneous office supplies and expenses and stationery and printing other than those specifically provided for in accounts 902 and 903.

5. SALES EXPENSES**Operation***** 911 Supervision.**

This account shall include the cost of labor and expenses incurred in the general direction and supervision of sales activities, except merchandising. Direct supervision of a specific activity, such as demonstrating, selling, or advertising shall be charged to the account wherein the costs of such activity are included. (See operating expense instruction 1.)

912 Demonstrating and selling expenses.

This account shall include the cost of labor, materials used and expenses incurred in promotional, demonstrating, and selling activities, except by merchandising, the object of which is to promote or retain the use of utility services by present and prospective customers.

ITEMS**Labor:**

1. Demonstrating uses of utility services.
2. Conducting cooking schools, preparing recipes, and related home service activities.
3. Exhibitions, displays, lectures, and other programs designed to promote use of utility services.
4. Experimental and development work in connection with new and improved appliances and equipment, prior to general public acceptance.
5. Solicitation of new customers or of additional business from old customers, including commissions paid employees.
6. Engineering and technical advice to present or prospective customers in connection with promoting or retaining the use of utility services.
7. Special customer canvasses when their primary purpose is the retention of business or the promotion of new business.

Materials and Expenses:

8. Supplies and expenses pertaining to demonstration, and experimental and development activities.
9. Booth and temporary space rental.
10. Loss in value on equipment and appliances used for demonstration purposes.
11. Transportation, meals, and incidental expenses.

15. Final meter reading of delinquent accounts when done by collectors incidental to regular activities.
16. Disconnecting and reconnecting service because of nonpayment of bills.
17. Receiving, recording, and handling of inquiries, complaints, and requests for investigations from customers, including preparation of necessary orders, but excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
18. Statistical and tabulating work on customer accounts and revenues, but not including special analyses for sales department, rate department, or other general purposes, unless incidental to regular customer accounting routines.
19. Preparing and periodically rewriting meter reading sheets.
20. Determining consumption and computing estimated or average consumption when performed by employees other than those engaged in reading meters.

Materials and Expenses:

21. Address plates and supplies.
22. Cash overages and shortages.
23. Commissions or fees to others for collecting.
24. Payments to credit organizations for investigations and reports.
25. Postage.
26. Transportation expenses, including transportation of customer bills and meter books under centralized billing procedure.
27. Transportation, meals, and incidental expenses.
28. Bank charges, exchange, and other fees for cashing and depositing customers' checks.
29. Forms for recording orders for services, removals, etc.
30. Rent of mechanical equipment.

NOTE: The cost of work on meter history and meter location records is chargeable to account 586, Meter Expenses.

904 Uncollectible accounts.

This account shall be charged with amounts sufficient to provide for losses from uncollectible utility revenues. Current credits shall be made to account 144, Accumulated Provision for Uncollectible Accounts—Cr. Losses from uncollectible accounts shall be charged to account 144.

905 Miscellaneous customer accounts expenses.

This account shall include the cost of labor, materials used and expenses incurred not provided for in other accounts.

ITEMS

1. General clerical and stenographic work.

7. Maintaining record of customers' keys.
8. Computing estimated or average consumption when performed by employees engaged in reading meters.

Materials and Expenses:

9. Badges, lamps, and uniforms.
10. Demand charts, meter books and binders and forms for recording readings, but not the cost of preparation.
11. Postage and supplies used in obtaining meter readings by mail.
12. Transportation, meals, and incidental expenses.

903 Customer records and collection expenses.

This account shall include the cost of labor, materials used and expenses incurred in work on customer applications, contracts, orders, credit investigations, billing and accounting, collections and complaints.

ITEMS**Labor:**

1. Receiving, preparing, recording and handling routine orders for service, disconnections, transfers or meter tests initiated by the customer, excluding the cost of carrying out such orders, which is chargeable to the account appropriate for the work called for by such orders.
2. Investigations of customers' credit and keeping of records pertaining thereto, including records of uncollectible accounts written off.
3. Receiving, refunding or applying customer deposits and maintaining customer deposit, line extension, and other miscellaneous records.
4. Checking consumption shown by meter readers' reports where incidental to preparation of billing data.
5. Preparing address plates and addressing bills and delinquent notices.
6. Preparing billing data.
7. Operating billing and bookkeeping machines.
8. Verifying billing records with contracts or rate schedules.
9. Preparing bills for delivery, and mailing or delivering bills.
10. Collecting revenues, including collection from prepayment meters unless incidental to meter-reading operations.
11. Balancing collections, preparing collections for deposit, and preparing cash reports.
12. Posting collections and other credits or charges to customer accounts and extending unpaid balances.
13. Balancing customer accounts and controls.
14. Preparing, mailing, or delivering delinquent notices and preparing reports of delinquent accounts.

reference to makes of appliances sold by the utility and the price, terms, etc., thereof, and designed for the joint purpose of increasing the use of utility service and the sales of appliances, shall be considered as a combination advertisement and the costs shall be distributed between this account and accounts 416 or 915, as appropriate, on the basis of space, time, or other proportional factors.

NOTE C: Exclude from this account and charge to account 930, Miscellaneous General Expenses, the cost of publication of stockholder reports, dividend notices, bond redemption notices, financial statements, and other notices of a general corporate character. Exclude also all institutional or good-will advertising. (See account 930, Miscellaneous General Expenses.)

914 Revenues from merchandising, jobbing and contract work.

915 Costs and expenses of merchandising, jobbing and contract work.

A. These accounts shall include, respectively, all revenues derived from the sale of merchandise and jobbing or contract work, including any profit or commission accruing to the utility on jobbing work performed by it as agent under contracts whereby it does jobbing work for another for a stipulated profit or commission and all expenses incurred in such activities.

B. Records in support of these accounts shall be so kept as to permit ready summarization of revenues, costs and expenses by such major items as are feasible.

NOTE: Revenues and expenses of merchandising, jobbing, and contract work shall be reported in this account, if a state regulatory body having jurisdiction over the utility requires such income to be reported as an operating expense item, but the revenues and expenses shall be reported in accounts 415 and 416, if such regulatory body requires the net income to be reported as nonoperating income. In the absence of a requirement by a state regulatory body, the utility may use these accounts or accounts 415 and 416 at its option, in which case the practice of the utility must be consistent.

ITEMS

Account 914:

1. Revenues from sale of merchandise and from jobbing and contract work.
2. Discounts and allowances made in settlement of bills for merchandise and jobbing work.

Account 915:

Labor:

1. Canvassing and demonstrating appliances in homes and other places for the purpose of selling appliances.

2. Demonstrating and selling activities in sales rooms.
3. Installing appliances on customer premises where such work is done only for purchasers of appliances from the utility.
4. Installing wiring, piping, or other property work on a jobbing or contract basis.
5. Preparing advertising materials for appliance sales purposes.
6. Receiving and handling customer orders for merchandise or for jobbing services.
7. Cleaning and tidying sales rooms.
8. Maintaining display counters and other equipment used in merchandising.
9. Arranging merchandise in sales rooms and decorating display windows.
10. Reconditioning repossessed appliances.
11. Bookkeeping and other clerical work in connection with merchandise and jobbing activities.
12. Supervising merchandise and jobbing operations.

Materials and Expenses:

13. Advertising in newspapers, periodicals, radio, television, etc.
14. Cost of merchandise sold and of materials used in jobbing work.
15. Stores expenses on merchandise and jobbing stocks.
16. Fees and expenses of advertising and commercial artists' agencies.
17. Printing booklets, dodgers, and other advertising data.
18. Premiums given as inducement to buy appliances.
19. Light, heat and power.
20. Rent of sales rooms or of equipment.
21. Transportation expense in delivery and pick-up of appliances by utility's facilities or by others.
22. Stationery and office supplies and expenses.
23. Taxes directly assignable to merchandise and jobbing operations.
24. Losses from uncollectible merchandise and jobbing accounts.

916 Miscellaneous sales expenses.

This account shall include the cost of labor, materials used and expenses incurred in connection with sales activities, except merchandising, which are not includible in other sales expense accounts.

ITEMS

Labor:

1. General clerical and stenographic work not assigned to specific functions.
2. Special analysis of customer accounts and other statistical work for sales purposes not a part of the regular customer accounting and billing routine.
3. Miscellaneous labor.

Materials and Expenses:

4. Communication service.
5. Printing, postage, and office supplies and expenses applicable to sales activities,

except those chargeable to account 913, Advertising Expenses.

6. ADMINISTRATIVE AND GENERAL EXPENSES

Operation

920 Administrative and general salaries.

A. This account shall include the compensation (salaries, bonuses, and other consideration for services, but not including directors' fees) of officers, executives, and other employees of the utility properly chargeable to utility operations and not chargeable directly to a particular operating function.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

921 Office supplies and expenses.

A. This account shall include office supplies and expenses incurred in connection with the general administration of the utility's operations which are assignable to specific administrative or general departments and are not specifically provided for in other accounts. This includes the expenses of the various administrative and general departments, the salaries and wages of which are includible in account 920.

B. This account may be subdivided in accordance with a classification appropriate to the departmental or other functional organization of the utility.

NOTE: Office expenses which are clearly applicable to any group of operating expenses other than the administrative and general group shall be included in the appropriate account in such group. Further, general expenses which apply to the utility as a whole rather than to a particular administrative function shall be included in account 930, Miscellaneous General Expenses.

ITEMS

1. Automobile service, including charges through clearing account.
2. Bank messenger and service charges.
3. Books, periodicals, bulletins and subscriptions to newspapers, newsletters, tax services, etc.
4. Building service expenses for customer accounts, sales, and administrative and general purposes.
5. Communication service expenses.
6. Cost of individual items of office equipment used by general departments which are of small value or short life.
7. Membership fees and dues in trade, technical, and professional associations paid by a utility for employees. (Company memberships are includible in account 930.)

8. Office supplies and expenses.
9. Payment of court costs, witness fees, and other expenses of legal department.
10. Postage, printing and stationery.
11. Meals, traveling and incidental expenses.

922 Administrative expenses transferred—Credit.

This account shall be credited with administrative expenses recorded in accounts 920 and 921 which are transferred to construction costs or to nonutility accounts. (See electric plant instruction 4.)

923 Outside services employed.

A. This account shall include the fees and expenses of professional consultants and others for general services which are not applicable to a particular operating function or to other accounts. It shall include also the pay and expenses of persons engaged for a special or temporary administrative or general purpose in circumstances where the person so engaged is not considered as an employee of the utility.

B. This account shall be so maintained as to permit ready summarization according to the nature of service and the person furnishing the same.

ITEMS

1. Fees, pay and expenses of accountants and auditors, actuaries, appraisers, attorneys, engineering consultants, management consultants, negotiators, public relations counsel, tax consultants, etc.
2. Supervision fees and expenses paid under contracts for general management services.

NOTE: Do not include inspection and brokerage fees and commissions chargeable to other accounts or fees and expenses in connection with security issues which are includible in the expenses of issuing securities.

924 Property insurance.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against losses and damages to owned or leased property used in its utility operations. It shall include also the cost of labor and related supplies and expenses incurred in property insurance activities.

B. Recoveries from insurance companies or others for property damages shall be credited to the account charged with the cost of the damage. If the

7. Expenses in connection with educational and recreational activities for the benefit of employees.

NOTE A: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in employee pension and benefit activities may be included in accounts 920 and 921, as appropriate.

NOTE B: Salaries paid to employees during periods of nonoccupational sickness may be charged to the appropriate labor account rather than to employee benefits.

927 Franchise requirements.

A. This account shall include payments to municipal or other governmental authorities, and the cost of materials, supplies and services furnished such authorities without reimbursement in compliance with franchise, ordinance, or similar requirements; provided, however, that the utility may charge to this account at regular tariff rates, instead of cost, utility service furnished without charge under provisions of franchises.

B. When no direct outlay is involved, concurrent credit for such charges shall be made to account 929, Duplicate Charges—Credit.

C. The account shall be maintained so as to readily reflect the amounts of cash outlays, utility service supplied without charge, and other items furnished without charge.

NOTE A: Franchise taxes shall not be charged to this account but to account 408, Taxes Other Than Income Taxes.

NOTE B: Any amount paid as initial consideration for a franchise running for more than one year shall be charged to account 302, Franchises and Consents.

928 Regulatory commission expenses.

A. This account shall include all expenses (except pay of regular employees only incidentally engaged in such work) properly includible in utility operating expenses, incurred by the utility in connection with formal cases before regulatory commissions, or other regulatory bodies, or cases in which such a body is a party, including payments made to a regulatory commission for fees assessed against the utility for pay and expenses of such commission, its officers, agents, and employees, and also including payments made to the United States for the administration of the Federal Power Act.

B. Amounts of regulatory commission expenses which by approval or direction of the Commission are to be spread over

926 Employee pensions and benefits.

A. This account shall include pensions, paid to or on behalf of retired employees, or accruals to provide for pensions, or payments for the purchase of annuities for this purpose, when the utility has definitely, by contract, committed itself to a pension plan under which the pension funds are irrevocably devoted to pension purposes, and payments for employee accident, sickness, hospital, and death benefits, or insurance therefor. Include, also, expenses incurred in medical, educational or recreational activities for the benefit of employees, and administrative expenses in connection with employee pensions and benefits.

B. The utility shall maintain a complete record of accruals or payments for pensions and be prepared to furnish full information to the Commission of the plan under which it has created or proposes to create a pension fund and a copy of the declaration of trust or resolution under which the pension plan is established.

C. There shall be credited to this account the portion of pensions and benefits expenses which is applicable to non-utility operations or which is charged to construction unless such amounts are distributed directly to the accounts involved and are not included herein in the first instance.

D. Records in support of this account shall be so kept that the total pensions expense, the total benefits expense, the administrative expenses included herein, and the amounts of pensions and benefits expenses transferred to construction or other accounts will be readily available.

ITEMS

1. Payment of pensions under a nonaccrual or nonfunded basis.
2. Accruals for or payments to pension funds or to insurance companies for pension purposes.
3. Group and life insurance premiums (credit dividends received).
4. Payments for medical and hospital services and expenses of employees when not the result of occupational injuries.
5. Payments for accident, sickness, hospital, and death benefits or insurance.
6. Payments to employees incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, or in excess of statutory awards.

settlement of injuries and damages claims. It shall also include the cost of labor and related supplies and expenses incurred in injuries and damages activities.

B. Reimbursements from insurance companies or others for expenses charged hereto on account of injuries and damages and insurance dividends or refunds shall be credited to this account.

ITEMS

1. Premiums payable to insurance companies for protection against claims from injuries and damages by employees or others, such as public liability, property damages, casualty, employee liability, etc., and amounts credited to account 262, Injuries and Damages Reserve, for similar protection.
2. Losses not covered by insurance or reserve accruals on account of injuries or deaths to employees or others and damages to the property of others.
3. Fees and expenses of claim investigators.
4. Payment of awards to claimants for court costs and attorneys' services.
5. Medical and hospital service and expenses for employees as the result of occupational injuries, or resulting from claims of others.
6. Compensation payments under workmen's compensation laws.
7. Compensation paid while incapacitated as the result of occupational injuries. (See Note A.)
8. Cost of safety, accident prevention and similar educational activities.

NOTE A: Payments to or in behalf of employees for accident or death benefits, hospital expenses, medical supplies or for salaries while incapacitated for service or on leave of absence beyond periods normally allowed, when not the result of occupational injuries, shall be charged to account 926, Employee Pensions and Benefits. (See also Note B of account 928.)

NOTE B: The cost of injuries and damages or reserve accruals capitalized shall be charged to construction directly or by transfer to construction work orders from this account.

NOTE C: Exclude herefrom the time and expenses of employees (except those engaged in injuries and damages activities) spent in attendance at safety and accident prevention educational meetings, if occurring during the regular work period.

NOTE D: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in injuries and damages activities may be included in accounts 920 and 921, as appropriate.

damaged property has been retired, the credit shall be to the appropriate account for accumulated provision for depreciation.

C. Records shall be kept so as to show the amount of coverage for each class of insurance carried, the property covered, and the applicable premiums. Any dividends distributed by mutual insurance companies shall be credited to the accounts to which the insurance premiums were charged.

ITEMS

1. Premiums payable to insurance companies for fire, storm, burglary, boiler explosion, lightning, fidelity, riot, and similar insurance.
2. Amounts credited to account 261, Property Insurance Reserve, for similar protection.
3. Special costs incurred in procuring insurance.
4. Insurance inspection service.
5. Insurance counsel, brokerage fees, and expenses.

NOTE A: The cost of insurance or reserve accruals capitalized shall be charged to construction either directly or by transfer to construction work orders from this account.

NOTE B: The cost of insurance or reserve accruals for the following classes of property shall be charged as indicated.

- (1) Materials and supplies and stores equipment, to account 163, Stores Expense Undistributed, or appropriate materials account.

(2) Transportation and other general equipment to appropriate clearing accounts that may be maintained.

(3) Electric plant leased to others, to account 413, Expenses of Electric Plant Leased to Others.

(4) Nonutility property, to the appropriate nonutility income account.

(5) Merchandise and jobbing property, to account 416, Costs and Expenses of Merchandising, Jobbing and Contract Work, or account 915, as appropriate.

NOTE C: The cost of labor and related supplies and expenses of administrative and general employees who are only incidentally engaged in property insurance work may be included in accounts 920 and 921, as appropriate.

925 Injuries and damages.

A. This account shall include the cost of insurance or reserve accruals to protect the utility against injuries and damages claims of employees or others, losses of such character not covered by insurance, and expenses incurred in

future periods shall be charged to account 186, Miscellaneous Deferred Debits, and amortized by charges to this account.

C. The utility shall be prepared to show the cost of each formal case.

ITEMS

1. Salaries, fees, retainers, and expenses of counsel, solicitors, attorneys, accountants, engineers, clerks, attendants, witnesses, and others engaged in the prosecution of, or defense against petitions or complaints presented to regulatory bodies, or in the valuation of property owned or used by the utility in connection with such cases.
2. Office supplies and expenses, payments to public service or other regulatory commissions, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before regulatory commissions.

NOTE A: Exclude from this account and include in other appropriate operating expense accounts, expenses incurred in the improvement of service, additional inspection, or rendering reports, which are made necessary by the rules and regulations, or orders, of regulatory bodies.

NOTE B: Do not include in this account amounts includible in account 302, Franchises and Consents, account 181, Unamortized Debt Discount and Expense, or account 214, Capital Stock Expense.

929 Duplicate charges—Credit.

This account shall include concurrent credits for charges which may be made to operating expenses or to other accounts for the use of utility service from its own supply. Include, also, offsetting credits for any other charges made to operating expenses for which there is no direct money outlay.

930 Miscellaneous general expenses.

This account shall include the cost of labor and expenses incurred in connection with the general management of the utility not provided for elsewhere.

ITEMS

Labor:

1. Miscellaneous labor not elsewhere provided for.

Expenses:

2. Industry association dues for company memberships.
3. Contributions for conventions and meetings of the industry.
4. Experimental and general research work for the industry.
5. Communication service not chargeable to other accounts.

6. Trustee, registrar, and transfer agent fees and expenses.
7. Stockholders meeting expenses.
8. Dividend and other financial notices.
9. Printing and mailing dividend checks.
10. Directors' fees and expenses.
11. Publishing and distributing annual reports to stockholders.
12. Institutional or goodwill advertising.
13. Public notices of financial, operating, and other data required by regulatory statutes, not including, however, notices required in connection with security issues or acquisitions of property.

931 Rents.

This account shall include rents properly includible in utility operating expenses for the property of others used, occupied, or operated in connection with the customer accounts, sales, and general and administrative functions of the utility. (See operating expense instruction 3.)

Maintenance

932 Maintenance of general plant.

A. This account shall include the cost assignable to customer accounts, sales and administrative and general functions of labor, materials used and expenses incurred in the maintenance of property, the book cost of which is includible in account 390, Structures and Improvements, account 391, Office Furniture and Equipment, account 397, Communication Equipment, and account 398, Miscellaneous Equipment. (See operating expense instruction 2.)

B. Maintenance expenses on office furniture and equipment used elsewhere than in general, commercial and sales offices shall be charged to the following accounts:

- Steam Power Generation, Account 514.
- Nuclear Power Generation, Account 532.
- Hydraulic Power Generation, Account 545.
- Other Power Generation, Account 554.
- Transmission, Account 573.
- Distribution, Account 598.
- Merchandise and Jobbing, Account 416 or 915.

Garages, Shops, etc., Appropriate clearing account, if used.

NOTE: Maintenance of plant included in other general equipment accounts shall be included herein unless charged to clearing accounts or to the particular functional maintenance expense account indicated by the use of the equipment.

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